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## **EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

**永義國際集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1218)**

### **DISCLOSEABLE TRANSACTION LOAN PARTICIPATION**

On 11 August 2017, the Participant entered into the Loan Participation Agreement with the Lender, pursuant to which the Participant paid the Lender an amount of US\$2,000,000 (equivalent to HK\$15,600,000) as the Consideration for the purpose of acquiring the Participation Interest for the Participant's participation in the Loan.

As one of the applicable percentage ratio under Rule 14.07 of the Listing Rules with respect to the acquisition of the Participation Interest exceeds 5% but is not more than 25%, the acquisition of the Participation Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

### **BACKGROUND**

On 11 August 2017, the Lender agreed to make a term loan facility of US\$42,000,000 (the "Loan") to the Borrower for the purpose of loan repayment and/or refinancing of the Borrower's existing loan. The Loan is secured by corporate guarantees made by certain subsidiaries of the Borrower.

On 11 August 2017, the Participant entered into the Loan Participation Agreement with the Lender, pursuant to which the Participant paid the Lender an amount of US\$2,000,000 (equivalent to HK\$15,600,000) as the Consideration for the purpose of acquiring the Participation Interest for the Participant's participation in the Loan.

### **LOAN PARTICIPATION AGREEMENT**

Principal terms of the Loan Participation Agreement are set out as below:

Date: 11 August 2017

*\* for identification purposes only*

Lender:	Golden Glow Limited, a company incorporated in the Cayman Islands with limited liability
Consideration:	US\$2,000,000 (equivalent to HK\$15,600,000)
Participation Interest:	an undivided participation interest in the Loan in the amount of US\$2,000,000 (equivalent to HK\$15,600,000), representing approximately 4.76% of the Loan
Participant's Interest Entitlement:	19% per annum (without taking into account of the 0.5% administrative fee payable to the Lender)
Maturity Date:	the date falling 12 months from the Utilisation Date
Repayment:	the Participant shall share in all payments of principal interest and associated fees with respect to the Loan in proportion to its Participation Interest, which shall be paid by the Lender to the Participant promptly upon the Lender's receipt thereof subject to the terms of the Loan Participation Agreement, and until so paid shall be held in trust by the Lender for the benefit of the Participant. The Lender shall act as an agent for the Participant in connection with the receipt and collection for such payments
Administrative Fee:	0.5% of the Participation Interest as an advance payment payable by the Participant to the Lender for the administrative costs and professional costs incurred or to be incurred in connection with the Loan

The Consideration was funded by internal resources of the Group.

## **INFORMATION ON THE LENDER**

The Lender is a company incorporated in the Cayman Islands with limited liability and is engaged in the business of investment holdings. To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Lender and its ultimate beneficial owner are Independent Third Parties and not connected with the Group.

## **REASONS FOR AND BENEFITS OF THE LOAN PARTICIPATION**

The principal business activities of the Group are property investment, property development, securities investment and loan financing.

The acquisition of the Participation Interest is a transaction carried out as part of the ordinary and usual course of business of the Group.

The terms of the Loan Participation Agreement were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. The Directors consider that the terms of the Loan Participation Agreement are fair and reasonable and the acquisition of the Participation Interest is in the interests of the Company and Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As one of the applicable percentage ratio under Rule 14.07 of the Listing Rules with respect to the acquisition of the Participation Interest exceeds 5% but is not more than 25%, the acquisition of the Participation Interest constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to announcement and notification requirements under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Borrower”	the Borrower, a company incorporated in the British Virgin Islands with limited liability. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Borrower and its ultimate beneficial owners are Independent Third Parties and not connected with the Group
“Board”	the board of Directors
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Consideration”	US\$2,000,000 (equivalent to HK\$15,600,000) being the consideration for acquiring the Participation Interest
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Lender”	Golden Glow Limited, a company incorporated in the Cayman Islands with limited liability. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Lender and its ultimate beneficial owner are Independent Third Parties and not connected with the Group

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a term loan facility in an amount of US\$42,000,000 made by the Lender to the Borrower on 11 August 2017 at an interest rate of 12% per annum, which is repayable in full on a date falling one year from the Utilisation Date
“Loan Participation Agreement”	the loan participation agreement entered into between the Participant and the Lender on 11 August 2017
“Participant”	Charming Flash Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company
“Participation Interest”	an undivided participation interest in the Loan in the amount of US\$2,000,000 (equivalent to HK\$15,600,000), representing approximately 4.76% of the Loan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	US dollars, the lawful currency of the United States of America
“Utilisation Date”	11 August 2017 or such earlier date as may be agreed between the Lender and the Borrower
“%”	per cent

By Order of the Board  
**Easyknit International Holdings Limited**  
**Tse Wing Chiu Ricky**  
*President and Chief Executive Officer*

*In this announcement, United States dollars converted into Hong Kong dollars at the rate of US\$1=HK\$7.80.*

Hong Kong, 11 August 2017

*As at the date hereof, the Board comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.*