

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this announcement.



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 EXTENSION OF LOAN

BACKGROUND

The Board wishes to announce that on 5 February 2020, the Lender has entered into an Amendment Agreement with the Borrower, the Borrower's Shareholders and the Guarantor, pursuant to which, inter alia, the Lender conditionally agreed to amend the Loan Agreement and extend the Maturity Date of the Loan under the Loan Agreement from the Effective Date to 18 December 2020. The interest rate of the Loan under the Amendment Agreement is 16% per annum and the Loan will continue to be secured by the Share Charges and the Guarantee.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the extension of the Loan exceeds 5% but is less than 25%, the extension of the Loan constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

References are made to six (6) announcements of the Company dated 17 November 2016, 16 November 2017, 14 February 2018, 14 August 2018, 17 September 2018 and 20 December 2018 (collectively, the "Announcements") and the circulars of the Company dated 8 December 2016 and 7 December 2017 respectively in relation to the grant of a loan by the Lender to the Borrower. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

On 16 November 2016, the Lender entered into the 2016 Facility Agreement with the Borrower under which the Lender granted to the Borrower a loan in the principal amount of HK\$100,000,000. The 2016 Facility Agreement was supplemented and amended by supplemental agreements and consent letters.

** for identification purposes only*

Whereas, on 19 December 2018, the Lender entered into the Loan Agreement with the Borrower, under which the Lender granted to the Borrower the Loan of HK\$40,000,000 which was exclusively for the repayment of the outstanding principal amount under the 2016 Facility Agreement. The loan period was for a period of twelve (12) months from the date of drawdown.

The Board wishes to announce that on 5 February 2020, the Lender entered into an Amendment Agreement with the Borrower, the Borrower's Shareholders and the Guarantor, pursuant to which, inter alia, the Lender conditionally agreed to amend the Loan Agreement and extend the Maturity Date of the Loan under the Loan Agreement for a period of twelve (12) months from the Effective Date up to 18 December 2020. The interest rate of the Loan under the Amendment Agreement is 16% per annum and the Loan will continue to be secured by the Share Charges and the Guarantee. In accordance with the repayment schedule stated in the Amendment Agreement, the Borrower shall pay total interests of approximately HK\$5,798,470.

On 5 February 2020, the Lender also entered into the Confirmatory Share Charges with each of the Borrower, Theone and Queen's Central respectively in relation to the ListCo Share Charge, the Share Charge (Theone) and the Share Charge (Queen's Central); and the Confirmatory Guarantee with the Guarantor in relation to the Guarantee, which confirms that the Loan will continue to be secured by the Share Charges and the Guarantee.

Summarised below are the principal terms of the Amendment Agreement, the Confirmatory Share Charges and the Confirmatory Guarantee:

THE AMENDMENT AGREEMENT

- Date : 5 February 2020
- Parties : (1) the Lender - Great Sail Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
- (2) the Borrower - Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability;
- (3) the Borrower's Shareholders - (a) Queen's Central Hongkong Holdings Limited, a company incorporated in Hong Kong with limited liability that holds 90% of the total issued share capital of the Borrower; and (b) Theone Holdings Limited, a company incorporated in the British Virgin Islands with limited liability that holds 10% of the total issued share capital of the Borrower; and
- (4) the Guarantor, an individual, the sole director of the Borrower
- Principal : HK\$40,000,000 (Hong Kong Dollars Forty Million)
- Interest rate : 16% per annum
- Maturity Date : 18 December 2020 (or such other date as may be agreed to by the Lender in writing prior to the Maturity Date)

Repayment schedule : The Borrower shall pay the Loan in full together with accrued interests and all other outstanding amounts on or before the Maturity Date (or such other date as may be agreed by the Lender in writing prior to the Maturity Date) and in accordance with the repayment schedule stated in the Amendment Agreement.

THE CONFIRMATORY SHARE CHARGES AND CONFIRMATORY GUARANTEE

The Confirmatory Share Charges and Confirmatory Guarantee, inter alia, irrevocably acknowledge and confirm that (i) the Loan Agreement shall be amended in accordance with the Amendment Agreement; (ii) the Loan shall continue to be secured by the Share Charges and the Guarantee as continuing security for the Loan; and (iii) all terms and conditions under the Share Charges and the Guarantee shall remain valid and binding as security for the Loan.

INFORMATION ON THE GROUP AND THE LENDER

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1218). The Group is principally engaged in property investment, property development, securities investment and loan financing business.

The Lender, a wholly-owned subsidiary of the Company, is incorporated under the laws of the British Virgin Islands with limited liability.

INFORMATION ON THE BORROWER, THE BORROWER'S SHAREHOLDERS AND THE GUARANTOR

The Borrower is a company incorporated in Hong Kong with limited liability and the principal business of the Borrower is investment holding.

Theone, one of the Borrower's Shareholders, is a company incorporated in the British Virgin Islands with limited liability and its principal business is investment holding.

Queen's Central, one of the Borrower's Shareholders, is a company incorporated in Hong Kong with limited liability and its principal business is investment holding.

The Guarantor, an individual, is the sole director of the Borrower.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Borrower, Theone, Queen's Central and the Guarantor, and their respective ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE LISTCO

According to publicly available information, the ListCo is an investment holding company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1175). The ListCo and its subsidiaries are principally engaged in cold chain food integrated distribution in the PRC.

The following information is extracted from the public documents of the ListCo:

	For the six months ended 30 September 2019	For the year ended 31 March	
		2019	2018
	<i>RMB'000 (unaudited)</i>	<i>RMB'000 (audited)</i>	<i>RMB'000 (audited)</i>
Revenue	1,333,161	185,189	978,781
(Loss)/Profit before tax	(17,662)	(102,003)	13,297
(Loss)/Profit for the period/year	(17,051)	(99,310)	7,993

As extracted from the interim results for the six months ended 30 September 2019 of the Listco, the net assets of the Listco was approximately RMB680.4 million as at 30 September 2019.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

The terms of the Amendment Agreement, the Confirmatory Share Charges and the Confirmatory Guarantee were arrived at after arm's length negotiations between the Lender, the Borrower, Theone, Queen's Central and the Guarantor. The extension of the Loan Agreement is in the ordinary course of the Group's loan financing business.

The reason for the extension of the Loan is to enable the resources of the Company not immediately required for its operations to be used in a secured loan offering a return higher than that available from bank deposits or similar investments, as the Company will benefit from the interest payable on the Loan.

Having considered the revised interest rate and repayment terms in the Amendment Agreement, the Directors consider that the extension of the Maturity Date for the Loan is on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the extension of the Loan exceeds 5% but is less than 25%, the extension of the Loan constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“2016 Facility Agreement”	the facility agreement dated 16 November 2016 (as supplemented and amended from time to time) entered into between the Borrower and the Lender pursuant to which the Lender has provided a facility up to HK\$100,000,000 to the Borrower
“Amendment Agreement”	the amendment agreement dated 5 February 2020 entered into among the Borrower, Queen’s Central, Theone, the Guarantor and the Lender
“Borrower”	Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability
“Borrower’s Shareholders”	Queen’s Central and Theone
“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 (Stock Code: 1218)
“Confirmatory Guarantee”	a confirmatory deed of guarantee dated 5 February 2020 executed by the Guarantor in favour of the Lender in relation to the Guarantee
“Confirmatory ListCo Share Charge”	a confirmatory share charge dated 5 February 2020 executed in favour of the Lender in relation to the ListCo Share Charge
“Confirmatory Share Charge (Queen’s Central)”	a confirmatory charge dated 5 February 2020 executed in favour of the Lender in relation to the Share Charge (Queen’s Central)
“Confirmatory Share Charge (Theone)”	a confirmatory charge executed in favour of the Lender in relation to the Share Charge (Theone)
“Confirmatory Share Charges”	the Confirmatory ListCo Share Charge, the Confirmatory Share Charge (Queen’s Central) and the Confirmatory Share Charge (Theone)
“Directors”	the directors of the Company
“Effective Date”	19 December 2019
“Group”	the Company and its subsidiaries

“Guarantee”	the deed of guarantee dated 19 December 2018 executed by the Guarantor in favour of the Lender guaranteeing, among others, the obligations of the Borrower under the Loan Agreement
“Guarantor”	Ms. Wang Jie, an individual Independent Third Party, the sole director of the Borrower and a guarantor under the Guarantee
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Lender”	Great Sail Global Limited (偉帆環球有限公司), a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands with limited liability
“ListCo”	Fresh Express Delivery Holdings Group Co., Ltd. (鮮馳達控股集團有限公司), a company incorporated with limited liability and existing under the laws of the Cayman Islands, the shares of which are being listed and traded on the Stock Exchange (Stock Code: 1175)
“ListCo Shares”	298,840,000 ordinary shares and any additional shares in the ListCo legally and/or beneficially owned by the Borrower from time to time (including but not limited to any shares in the ListCo which may be allotted and issued to, or otherwise acquired by, the Borrower)
“ListCo Share Charge”	the share charge dated 19 December 2018 executed by the Borrower in favour of the Lender over the ListCo Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$40,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 19 December 2018 entered into between the Borrower and the Lender
“Maturity Date”	18 December 2020 (or such other date as may be agreed to by the Lender in writing prior to the Maturity Date)

“PRC”	the People’s Republic of China
“Queen’s Central”	an investment holding company incorporated in Hong Kong with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Share Charges”	the ListCo Share Charge, the Share Charge (Queen’s Central) and the Share Charge (Theone)
“Share Charge (Queen’s Central)”	the share charge dated 19 December 2018 executed by Queen’s Central over the 1,080,000 Borrower Shares, representing 90% of the issued share capital of the Borrower
“Share Charge (Theone)”	the share charge dated 19 December 2018 executed by Theone over the 120,000 Borrower Shares, representing 10% of the issued share capital of the Borrower
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Theone”	an investment holding company incorporated in the British Virgin Islands with limited liability
“%”	per cent.

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

Hong Kong, 5 February 2020

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.