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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)

MAJOR TRANSACTION GRANT OF A LOAN

The Company wishes to announce that on 16 November 2016, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender has conditionally agree to lend HK\$100,000,000 to the Borrower for period of 12 months from the Drawdown Date. The Borrower shall pay interest to the Lender on the Loan at the rate of 12% per annum. The Loan is secured by Share Charges and Personal Guarantee.

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan is more than 25% but less than 100%, the grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE LOAN AGREEMENT

Date: 16 November 2016

Parties: (i) Great Sail Global Limited, as lender; and
(ii) Fortunate Gravity Hongkong Limited, as borrower.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Borrower and its ultimate beneficial owner are Independent Third Parties.

Purpose of the Loan

The Loan shall be used exclusively for the general working capital of the Borrower.

** for identification purposes only*

Principal terms

- Amount of the Loan: HK\$100,000,000.
- Interest rate: Interest shall accrue on the Loan at the rate of 12% per annum.
- Interest shall be paid by monthly in arrears, commencing from the Drawdown Date.
- The interest rate was determined by arm-length negotiations between the parties.
- Term: The Loan is repayable in one lump sum on the Maturity Date, being the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower); or the Borrower can early repay the Loan after the date falling six (6) months from the Drawdown Date.
- Repayment: The total outstanding principal together with any interest accrued thereon and all other amounts accrued or outstanding under the Loan Agreement and any Security Documents computed up to the date of payment are payable on the Maturity Date.
- Security: the Share Charges and the Personal Guarantee.
- Conditions precedent: The making of the Loan under the Loan Agreement is conditional upon conditions precedent including the following being satisfied:
- (1) the Share Charges duly executed together with all documents required pursuant thereto; and
 - (2) the Personal Guarantee duly executed together with all documents required pursuant thereto.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Borrower and the Lender.

THE SHARE CHARGES AND PERSONAL GUARANTEE

The Loan is secured by:

- (a) the FE Share Charge to be executed by Fortunate Gravity in favour of the Lender by way of a fixed charged over the Charged FE Shares;
- (b) the Fortunate Gravity Share Charge to be executed by Queen's Central Hongkong Limited and Theone Holdings Limited, the shareholders of Fortunate Gravity, in favour of the Lender by way of a fixed charged over the entire issued share capital of Fortunate Gravity; and
- (c) the Personal Guarantee executed by the Guarantor in favour of the Lender;

as continuing securities and continuing obligation for performance by the Borrower of its obligations in the Loan Agreement amongst other things.

Pursuant to the Share Charges, at any time after the occurrence of an event of default by the Borrower under the Loan Agreement, the Lender may, among other things, sell or dispose of all or any part of the Charged FE Shares and Charged Fortunate Gravity Shares under the FE Share Charge and Fortunate Gravity Share Charge respectively, and may apply the proceeds of any such sale in or towards the discharge of the costs thereby incurred and of the obligations secured under the Security Documents in such manner as it in its absolute discretion thinks fit.

Pursuant to the Personal Guarantee, the Guarantor undertakes to pay to the Lender all sums, including but not limited the principal and interests, which are become payable by the Borrower under the Loan Agreement.

REASONS FOR AND THE BENEFIT OF THE TRANSACTION

The reason for the Loan is to enable investment of cash resources of the Company not immediately required in its operations in a secured loan offering a return well in excess of returns available from bank deposits or similar investments, and the Company will benefit from the interest payable to it on the Loan.

Having considered (i) the terms of the Loan, including the interest rate; (ii) the Share Charges; and (iii) the Personal Guarantee, the Directors consider that the Loan is on normal commercial terms and the terms of the Loan Agreement are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE LENDER, THE BORROWER AND THE GUARANTOR

The Lender is an investment holding company incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of the Company. The Company is an investment holding company and the Group is principally engaged in property investment, property development, securities investment and loan financing business.

The Borrower is an investment holding company incorporated under the laws of Hong Kong with limited liability. The beneficial owner(s) of the Borrower are Independent Third Parties.

The Guarantor is the director of Fortunate Gravity and is an Independent Third Party.

INFORMATION ON FE

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

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

	For the year ended 31 March	
	2016	2015
	<i>RMB 'Million</i>	<i>RMB 'Million</i>
Turnover	1,482.7	911.3
Profit before taxation	70.2	54.7
Net profit after taxation	57.5	44.0

LISTING RULES IMPLICATIONS

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan is more than 25% but less than 100%, the grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement constitutes a major transaction for the Company, which is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of the Company, written approvals of the grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement and the Security Documents have been obtained from Sea Rejoice Limited and Magical Profits Limited, the substantial shareholders of the Company with an aggregate interest in 46,609,144 Shares, representing approximately 58.69% of the issued share capital of the Company as at the date of this announcement. Sea Rejoice Limited which holds 17,429,664 Shares, representing approximately 21.95% of the issued shares of the Company, is wholly-owned by Ms. Lui Yuk Chu, the vice president and executive director of the Company. Magical Profits Limited, which holds 29,179,480 Shares, representing approximately 36.74% of the issued shares of the Company is wholly-owned by The Winterbotham Trust Company Limited as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members (including Ms. Koon Ho Yan Candy, daughter of Ms. Lui Yuk Chu and an executive director of the Company) other than the spouse of Ms. Lui Yuk Chu). Sea Rejoice Limited and Magical Profits Limited are therefore a "closely allied group of shareholders" for the purpose of the Listing Rules.

A circular containing, among other things, details of the Loan and the transactions contemplated under the Loan Agreement and the Security Documents is expected to be despatched to the Shareholders on or before 8 December 2016 in accordance with the Listing Rules.

DEFINITIONS

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

"Board"	the board of Directors of the Company
"Borrower"	Fortunate Gravity Hongkong Limited, a company incorporated in Hong Kong with limited liability

“FE Share Charge”	the deed to be executed by Fortunate Gravity in favour of the Lender by way of a fixed charge over 217,720,000 FE Shares, representing approximately 19.90% of the issued share capital of FE
“Fortunate Gravity Share Charge”	the share charge to be executed by its shareholders in favour of the Lender by way of a fixed charge over the entire issued shares in the share capital of Fortunate Gravity, as security for due performance under the Loan Agreement
“BVI”	the British Virgin Islands
“Charged FE Shares”	share charge for a total of 217,720,000 FE Shares, representing approximately 19.90% of the issued share capital of FE
“Charged Fortunate Gravity Shares”	share charge on the entire issued share capital of Fortunate Gravity
“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
“Directors”	the directors of the Company
“Drawdown Date”	the date on which the Loan is drawn down
“FE”	Fresh Express Delivery Holdings Group Co. Ltd., a company with limited liability incorporated in the Cayman Islands and whose shares are listed on the Stock Exchange (stock code: 1175)
“FE Share(s)”	ordinary shares of HK\$0.01 each in the share capital of FE
“Guarantor”	Ms. Wang, an individual Independent Third Party, a sole director of Fortunate Gravity and a guarantor under the Personal 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 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 that term is defined in the Listing Rules)
“Lender”	Great Sail Global Limited, a direct wholly-owned subsidiary of the Company, incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan”	the loan in the amount of HK\$100,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 16 November 2016
“Maturity Date”	the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower)
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Personal Guarantee”	the deed of guarantee to be executed by Ms. Wang in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Security Documents”	the Share Charges and the Personal Guarantee
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of the Company
“Share Charges”	the FE Share Charge and Fortunate Gravity Share Charge
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Easyknit International Holdings Limited
Kwong Jimmy Cheung Tim
President and Chief Executive Officer

Hong Kong, 17 November 2016

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