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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 DEED OF SETTLEMENT IN RESPECT OF THE PROVISION OF A FACILITY

Reference is made to the Previous Announcement in relation to the provision of the Facility by the Lender to the Borrower.

On 22 September 2017, the Lender entered into the Deed of Settlement with the Borrower, pursuant to which, the Borrower agreed to settle the Settlement Amounts which include (i) the Loan Repayment Amount; (ii) the Settlement Fee Payment Amount; and (iii) the Expenses Payment Amount as full and final settlement of any and all outstanding amounts due to the Lender under the Loan Agreement and the Security Documents.

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Settlement constitutes termination of the transaction previously announced under the Previous Announcement.

A circular containing, among other things, further information on the provision of the Facility and the Deed of Settlement is expected to be despatched to the Shareholders on or before 10 October 2017 in accordance with the Listing Rules.

Reference is made to the Previous Announcement in relation to the provision of the Facility by the Lender to the Borrower.

The Loan was utilized in full on 15 September 2017. After arms-length negotiations, the Lender and the Borrower agreed to enter into the Deed of Settlement.

THE DEED OF SETTLEMENT

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** for identification purposes only*

On the same date, the Borrower has paid the Settlement Amounts in full to the Lender and accordingly the Lender has released and discharged the Borrower from all or any obligations and liabilities under the Loan Agreement.

In respect of the release and discharge of all or any obligations and liabilities of the Borrower under the Loan Agreement, the Lender has on the same date executed the Deed of Release in favour of the Security Parties releasing and discharging each of the Security Parties from all or any obligations and liabilities under each of the Security Documents.

REASONS FOR ENTERING INTO THE DEED OF SETTLEMENT

The Company was informed by the Borrower that the funding of the Loan is no longer required and accordingly the Borrower made a request to the Lender for the settlement of the Loan. The terms of the Deed of Settlement were arrived at by the parties thereto after arm's length negotiations, with reference to prevailing commercial practice. The Directors are of opinion that the entering into of the Deed of Settlement is more beneficial to the Company and the Shareholders as a whole and consider that the terms of the Deed of Settlement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules, as the entering into of the Deed of Settlement constitutes termination of the transaction previously announced under the Previous Announcement.

A circular containing, among other things, further information on the provision of the Facility and the Deed of Settlement is expected to be despatched to the Shareholders on or before 10 October 2017 in accordance with the Listing Rules.

DEFINITIONS

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

“Account Charge”	the charge over account dated 15 September 2017 executed by the Borrower charging by way of first fixed charge in favour of the Lender (i) the Charged Account; and (ii) all monies and securities standing to the credit of the Charged Account and all interest from time to time payable thereon and all rights, title, interest, benefit and claims of the Borrower, present or future, thereto and therein
“Board”	the board of Directors
“Borrower”	Jimu Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability

“Charged Account”	the designated cash account opened in the name of the Borrower with Constance Capital Limited, an indirect wholly-owned subsidiary of the Company, a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance
“Chargor A”	Jimu Times Limited, a company incorporated in the British Virgin Islands with limited liability, being a shareholder owning 85% of the issued share capital of the Borrower
“Chargor B”	Mr. Tung Sun Tat Clement, being a director and a shareholder owning 15% of the issued share capital of the Borrower
“Chargors”	Chargor A and Chargor B collectively
“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
“Deed of Release”	the deed of release dated 22 September 2017 executed by the Lender in favour of the Security Parties releasing and discharging each of the Security Parties from all or any obligations and liabilities under each of the Security Documents
“Deed of Settlement”	the deed of settlement dated 22 September 2017 entered into between the Lender and the Borrower in relation to the settlement of the Loan
“Director(s)”	the director(s) of the Company
“Expenses Payment Amount”	HK\$359,000 being the costs, charges and expenses incurred by the Lender in connection with the negotiation, preparation, execution and (where relevant) registration of the Deed of Settlement and the release(s) of the Security Documents
“Facility”	the term loan facility in the principal amount of HK\$130,000,000 under the Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee dated 15 September 2017 executed by the Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the Loan Agreement
“Guarantor”	Mr. Dong Jun, who is indirectly interested in approximately 12.49% of the equity interests in the Borrower through his indirect interest in Chargor A

“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) 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)
“Lender”	Main Profit Investment Limited, a company incorporated in Hong Kong with limited liability and an indirectly wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate principal amount drawn and for the time being outstanding under the Facility
“Loan Agreement”	the loan agreement dated 15 September 2017 in relation to the Facility entered into between the Borrower and the Lender
“Loan Repayment Amount”	HK\$130,441,643.84 which includes (i) the outstanding principal amount of the Loan as at the date of the Deed of Settlement in an amount of HK\$130,000,000; and (ii) interest accrued up to the date of actual payment in an amount of HK\$441,643.84
“PRC”	the People’s Republic of China
“Previous Announcement”	the announcement dated 15 September 2017 in relation to the provision of a Facility by the Lender to the Borrower
“Security Documents”	the Guarantee, the Share Charges and the Account Charge collectively
“Security Parties”	the Guarantor, the Chargors and the Borrower collectively
“Settlement Amounts”	the Loan Repayment Amount, the Settlement Fee Payment Amount and the Expenses Payment Amount collectively
“Settlement Fee Payment Amount”	HK\$1,300,000, representing 1% of the Loan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Charges”	the Share Charge (Jimu) and Share Charge (Tung) collectively

“Share Charge (Jimu)”	the share charge dated 15 September 2017 executed by Chargor A in favour of the Lender by way of a fixed charge over 85 Borrower Shares, representing 85% of the issued share capital of the Borrower
“Share Charge (Tung)”	the share charge dated 15 September 2017 executed by Chargor B in favour of the Lender by way of a fixed charge over 15 Borrower Shares, representing 15% of the issued share capital of the Borrower
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 22 September 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.