

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 contents 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)

(1) MAJOR TRANSACTION IN RELATION TO GRANTING AND RENEWAL OF LOANS; AND (2) PAST NON-COMPLIANCE WITH THE LISTING RULES

BACKGROUND

According to the Group's internal records, during the period from December 2020 to September 2021, Planetic International Limited (an indirect wholly-owned subsidiary of the Company) and City China International Limited (城中國際有限公司) (a former indirect wholly-owned subsidiary of the Company) (the "**Lenders**") entered into agreements (the "**Agreements**") with seven borrowers (the "**Borrowers**") for granting and renewal of several loans, pursuant to which the Lenders agreed to grant or renew the loans (the "**Loans**") for periods ranged from around eleven months to two years. The interest rates of the Loans under the Agreements ranged from 4.5% to 8.0% per annum.

PAST NON-COMPLIANCE WITH CHAPTER 14 OF THE LISTING RULES

It is confirmed that the Loans granted to and/or renewed for the Borrowers, who are Independent Third Parties, during the period from December 2020 to September 2021 were not aggregated for calculating the size tests as required under Chapter 14 of the Listing Rules. At the time of granting or renewing the Loans, the Company was of the view that the Loans were not required to be aggregated for computing the size tests because (i) it considered that the renewals of the Loans should not constitute notifiable transaction under Chapter 14 of the Listing Rules since they did not entail any increase in the risk exposure of the Group and had no impact on its consolidated statement of financial position; and (ii) the Borrowers were considered independent to each other as they had their own assets and sources of income although they are family members and/or guaranteed by the same person who is one of the Borrowers.

The Company well acknowledges the Stock Exchange's consideration and it recognizes the requirements under Rules 14.22 and 14.23 of the Listing Rules in respect of aggregation of transactions for computing size tests. According to Rule 14.23 of the Listing Rules, factors which the Stock Exchange will take into account in determining whether transactions will be aggregated include whether the transactions are entered into by the listed issuer with the same party or with parties connected or otherwise associated with one another. Since the Borrowers are family members and/or guaranteed by the same person who is one of the Borrowers, the Loans should be aggregated for computing the size tests. As one or more of the applicable percentage ratios (as defined under the Listing Rules) for the Loans exceeded 25% but was less than 75% on an aggregated basis at the material time, the granting or renewal of the Loans constitutes a major transaction of the Company and therefore such transaction was subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Due to the aforesaid factors, the Company failed to comply with the relevant requirements for major transaction under Chapter 14 of the Listing Rules in a timely manner. The Company carried out detailed review of the internal procedures related to the Group's loan financing business in order to prevent the recurrence of similar non-compliance incidents in future.

Considering that the relevant transactions under the Agreements had been completed as of the date of this announcement and all material information in respect of the Agreements has been set forth in this announcement, even though the Agreements was subject to the Shareholders' approval requirement as set out above, the Company considers that it will not be meaningful and therefore does not intend to despatch a circular or convene any general meeting of the Company for the purpose of ratifying the Agreements.

PRINCIPAL TERMS OF THE AGREEMENTS

Summarized below are the principal terms of the Agreements:

The Loan Agreement 1

Renewal date : 26 March 2021

Parties : (i) Planetic International Limited, as lender, is a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and

(ii) Li Ming Hung, as borrower, an individual and an Independent Third Party

Principal amount : HK\$13,100,000

Interest rate : 5.0% per annum

Maturity date : 15 March 2022

Security : post-dated cheques for the interest payments and principal repayment, and properties

The Loan Agreement 2

Renewal date : 22 September 2021

Parties : (i) Planetic International Limited, as lender, is a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and

(ii) Li Liupan, as borrower, an individual and an Independent Third Party

Principal amount : HK\$14,900,000

Interest rate : 8.0% per annum

Maturity date : 22 September 2022

Security : post-dated cheques for the interest payments and principal repayment

The Loan Agreement 3

Renewal date : 22 September 2021

Parties : (i) Planetic International Limited, as lender, is a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and

(ii) Wong Siu Bor, as borrower, an individual and an Independent Third Party

Principal amount : HK\$14,900,000

Interest rate : 8.0% per annum

Maturity date : 22 September 2022

Security : post-dated cheques for the interest payments and principal repayment

The Loan Agreement 4

Renewal date : 22 September 2021

Parties : (i) Planetec International Limited, as lender, is a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and

(ii) Su Shenrong, as borrower, an individual and an Independent Third Party

Principal amount : HK\$14,900,000

Interest rate : 8.0% per annum

Maturity date : 22 September 2022

Security : post-dated cheques for the interest payments and principal repayment

The Loan Agreement 5A

Renewal date	:	16 September 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Ming Hung, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$5,780,027
Interest rate	:	4.5% per annum
Maturity date	:	2 October 2022
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 5B

Renewal date	:	7 December 2020
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Ming Hung, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$5,600,000
Interest rate	:	8.0% per annum
Maturity date	:	14 December 2021
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 5C

Grant date	:	12 May 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Ming Hung, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$16,000,000
Interest rate	:	5.0% per annum
Maturity date	:	11 May 2023
Security	:	post-dated cheques for the interest payments and principal repayment, and properties

The Loan Agreement 6A

Renewal date	:	7 December 2020
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Ming Bor, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$6,600,000
Interest rate	:	8.0% per annum
Maturity date	:	14 December 2021
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 6B

Renewal date	:	26 March 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Ming Bor, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$1,550,000
Interest rate	:	8.0% per annum
Maturity date	:	27 February 2022
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 7A

Renewal date	:	26 March 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Fung Hing, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$1,550,000
Interest rate	:	8.0% per annum
Maturity date	:	27 February 2022
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 7B

Renewal date	:	7 December 2020
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Fung Hing, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$6,600,000
Interest rate	:	8.0% per annum
Maturity date	:	14 December 2021
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 8A

Renewal date	:	26 March 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Fung Chun, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$6,700,000
Interest rate	:	8.0% per annum
Maturity date	:	27 February 2022
Security	:	post-dated cheques for the interest payments and principal repayment

The Loan Agreement 8B

Renewal date	:	26 March 2021
Parties	:	(i) City China International Limited, as lender, is a company incorporated in Hong Kong with limited liability, a former indirect wholly-owned subsidiary of the Company and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) Li Fung Chun, as borrower, an individual and an Independent Third Party
Principal amount	:	HK\$1,550,000
Interest rate	:	8.0% per annum
Maturity date	:	27 February 2022
Security	:	post-dated cheques for the interest payments and principal repayment

INFORMATION ON THE LENDERS AND THE GROUP

The Lenders, an indirect wholly-owned subsidiary and a former indirect wholly-owned subsidiary of the Company, are companies incorporated in Hong Kong with limited liability and licensed money lenders holding valid money lenders licenses under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Lenders are principally engaged in the business of money lending and granting of loan, which is considered as a transaction carried out as part of the ordinary and usual course of business of the Group.

The Company is an investment holding company incorporated in Bermuda with limited liability, the issued 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.

INFORMATION ON THE BORROWERS

The Borrowers are individuals. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Borrower are Independent Third Parties.

REASONS FOR AND THE BENEFITS OF THE TRANSACTIONS

The reason for granting or renewing the Loans was to enable the resources of the Company not immediately required for its operations to be used in the Loans offering a return higher than that available from bank deposits or similar investments so as to benefit from the interests payable on the Loans.

The funding of the Loans was from the internal resources of the Company. The terms of the Agreements were arrived at after arm's length negotiations between the Borrowers and the Lenders and granting of the Loans was in the ordinary course of the Group's loan financing business.

The Company obtained relevant documents from the Borrowers to assess their financial statuses and repayment capabilities for which the Company was satisfied and believed that the Borrowers have the repayment capabilities to repay the Loans.

Having considered the above assessments and the terms of the Agreements, including the interest rates and repayment schedule, the Directors considered the Agreements were on normal commercial terms and were fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Loans were subsequently overdue, in order to recover the outstanding loan balances, the Group banked in the post dated cheques provided by the Borrowers as securities. However, the Group failed to clear the post-dated cheques from November 2021, the Group has been trying its best to reach and negotiate with the Borrowers with a view to recovering the outstanding loan balances. At the end of November 2021, the Company then started consulting a Hong Kong legal adviser about the appropriate actions that could be taken against the Borrowers and the estimated probability of success. At around the time of instituting a claim against Li Ming Hung to The High Court (i.e. July 2023), the Company started suspecting that the Borrowers might conspire together.

To the best knowledge, information and belief of the Company, it was noted that (i) another creditor (a reputable bank in Hong Kong) of Li Ming Hung reported to the Police for the bank loan(s) obtained by fraud by Li Ming Hung; and (ii) the Police then issued a warrant for searching the premises of Li Ming Hung in early August 2023.

Since (i) other Borrowers are the acquaintances of Li Ming Hung; (ii) the post-dated cheques could not be cleared successfully since November 2021; (iii) the Company heard that, in around late July 2023, another creditor (a reputable bank in Hong Kong) of Li Ming Hung reported to the Police for the bank loan(s) obtained by fraud by Li Ming Hung; and (iv) the Police searched the premises of Li Ming Hung on 1 August 2023, the Company started suspecting that the Borrowers might conspire together in around July/August 2023.

Having considered that (i) an ongoing review of credit risks and recoverability of loans was performed; and (ii) legal actions were taken by submitting affirmations to The High Court of the Hong Kong Special Administrative Region, and (iii) it was further noted that Li Ming Hung was adjudged bankrupt in October 2024, the management of the Company reassessed and considered the Group has no realistic prospect to recover the credit-impaired debts and hence the loan balance of HK\$83.9 million was written off during the financial year ended 31 March 2024.

Regarding the legal actions taken by the Group, the total cost for taking the legal actions against Li Ming Hung and consultation was over HK\$300,000 and the total cost estimated at that time for taking the same legal actions against all other Borrowers would be more than such amount, and additional legal costs would be incurred for following up the situation that might be complicated by the Borrowers' intentional asset transfer before initiating claims against them. It was assessed by the Company that the cost for taking legal actions against all other Borrowers would be at least HK\$1,800,000 due to the expected complexity and lengthy process. Having considered (i) the financial performance and position of the Group; and (ii) the probability of success of claim, the Company was of the view that it was not worth taking legal actions against other Borrowers after the discussions with the Hong Kong legal adviser. Since applying the Group's internal resources in the most efficient way is always the key objective of the management of the Group, the aforesaid decision to save legal cost is considered reasonable under the challenging economic environment and uncertain property market in Hong Kong that have been affecting the Group's businesses.

REMEDIAL MEASURES

To further strengthen the Group's internal control and prevent the recurrence of similar non-compliance incidents in future and to comply with the requirements under the Listing Rules on an on-going basis, the Company implemented/will implement the following remedial actions with immediate effect:

- (i) the Company reminded and will consistently remind the executive Directors and responsible staff within the Group to remain strictly vigilant regarding any circumstances that may trigger the Company's disclosure obligations under the Listing Rules, aiming to identify potential issues at an early stage and mitigating the risk of a recurrence of the incident;

- (ii) the Company provided the members of the Board, and the responsible staff of the Group with appropriate trainings in September 2025 with the aim to enhance their existing knowledge with a specific focus on transactions under Chapter 14 of the Listing Rules and refine their ability to identify potential issues at an early stage. Such trainings were delivered by a professional legal firm, Holman Fenwick Willan, which covers the following major areas:
- the general principles of Chapter 14 of the Listing Rules that outlines the requirements for notifiable transactions that must be disclosed to, and/or approved by, a listed issuer's shareholders based on their significance in terms of size;
 - the type of transactions under Chapter 14 of the Listing Rules which include transactions in relation to acquisitions and disposals of assets, transactions involving leases and options, provision of financial assistance and formation of joint ventures etc.;
 - the classification according to the percentage ratios that compute the size of transaction under Chapter 14 of the Listing Rules and determine the level of disclosure and shareholders' approval requirements;
 - the different compliance requirements, including announcement, circular and shareholders' approval which depends on the specific classification; and
 - the basis of aggregation of transactions and factors which the Stock Exchange will take into account in determining whether transactions will be aggregated as set out in Rules 14.22 and 14.23 of the Listing Rules.
- (iii) to prevent similar non-compliance from occurring, the Company undertook to take steps to strengthen the internal controls over the procedures related to the Group's loan financing business for transactions under Chapter 14, especially Rules 14.22 and 14.23 of the Listing Rules. The Company will also conduct an annual review of the existing reporting procedures concerning the monitoring of transactions in relation to the Group's loan financing business under Chapter 14 of the Listing Rules on an annual basis.

The procedures for strengthening the internal controls include:

- (a) for each of the new loans to be granted (if any), the financial controller of the Group (the "**Financial Controller**") will be assigned to check the background of the borrower to confirm whether such borrower has family relationship with the Group's existing borrowers or other potential borrowers who have requested for loans;

- (b) in the event that personal guarantee is given by a party other than the borrower, the Financial Controller will check whether such guarantor has given any guarantee to the Group’s existing borrowers or other potential borrowers who have requested for loans;
- (c) if there is finding when performing (a) and/or (b) mentioned above, the Financial Controller will report the case to the company secretary of the Group and the grant of loan (the transaction) will be assessed and aggregated with other transaction(s) according to the principles set out in Rules 14.22 and 14.23 of the Listing Rules;
- (d) the company secretary of the Group will compute the size of transaction according to the percentage ratios under Chapter 14 of the Listing Rules and determine the level of disclosure and shareholders’ approval requirements;
- (e) the results of (d) mentioned above will be reported to the executive Directors before granting the loan;
- (f) the relevant staff of the accounts department, who are responsible for the credit risk management function, of the Group will assess the ceiling of loan portfolio of each borrower after granting the loan on a regular basis by obtaining updated information on the borrower including but not limited to (a) the latest income status of the borrower; (b) any adverse change in the industry participated by the borrower and follow-up discussion with the borrower to estimate potential effect on the borrower’s credit strength; (c) the borrower’s latest address proof; and (d) internet and credit search; and
- (g) any irregularity noted in (f) mentioned above will be reported to the Financial Controller and the executive Directors, and adjustment to the ceiling of loan portfolio of the borrower will be considered.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1218)

“Directors”	the directors of the Company
“discloseable transaction”	as defined in the Listing Rules
“Group”	the Company and its subsidiaries
“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 a third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
EASYKNIT INTERNATIONAL HOLDINGS LIMITED
Koon Ho Yan Candy
President and Chief Executive Officer

Hong Kong, 7 July 2026

As at the date hereof, the Board comprises Ms. Koon Ho Yan Candy and Ms. Lui Yuk Chu as executive Directors; and Mr. Tsui Chun Kong, Mr. Lau Chak Hang Charles and Mr. Ma Man Yuet as independent non-executive Directors.

In case of any inconsistency, the English version of this announcement shall prevail over the Chinese version.