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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 EXTENSION OF FINANCIAL ASSISTANCE

EXTENSION OF FINANCIAL ASSISTANCE

Reference is made to the announcement of the Company dated 12 November 2021 regarding the Loan Agreement entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, pursuant to which the Lender agreed to, among other things, grant to the Borrower, an Independent Third Party, the Loan in the principal amount of HK\$50,000,000 for a term of 6 months from 12 November 2021 to 11 May 2022 at an interest rate of 9% per annum.

On 11 May 2022 (after trading hours), the Lender entered into the Supplemental Agreement with the Borrower, pursuant to which the Lender agreed to extend the repayment date of the Loan to 29 December 2022 with the other terms and conditions of the Loan Agreement remaining unchanged save for consequential amendments.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the Loan (as extended by the Supplemental Agreement) on a standalone basis or aggregated with the Previous Loan within 12 months exceeds 5% but less than 25%, the Extension constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

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Reference is made to the announcement of the Company dated 12 November 2021 regarding the Loan Agreement entered into between the Lender, an indirect wholly-owned subsidiary of the Company, and the Borrower, pursuant to which the Lender agreed to, among other things, grant to the Borrower, an Independent Third Party, the Loan in the principal amount of HK\$50,000,000 for a term of 6 months from 12 November 2021 to 11 May 2022 at an interest rate of 9% per annum (the “**Previous Announcement**”). As of the date of this announcement, the Borrower has paid to the Lender all interest accrued on the Loan in the aggregate sum of HK\$2,250,000 pursuant to the Loan Agreement. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Previous Announcement.

The Board announces that on 11 May 2022 (after trading hours), the Lender entered into a supplemental agreement (the “**Supplemental Agreement**”) with the Borrower, pursuant to which the Lender agreed to extend the repayment date of the Loan to 29 December 2022 (the “**Extension**”) with the other terms and conditions of the Loan Agreement remaining unchanged save for consequential amendments.

SUPPLEMENTAL AGREEMENT

The principal terms of the Loan Agreement (as amended and supplemented by the Supplemental Agreement) are set out below:

Date of Loan Agreement: 12 November 2021

Date of Supplemental Agreement: 11 May 2022

Lender: Planetic International Limited

Borrower: Supreme Sino Holdings Limited

Loan Amount: HK\$50,000,000

Interest Rate: 9% per annum

Repayment: The Borrower shall repay the interest on the principal amount of the Loan in 8 instalments and the principal amount at the Loan maturity on 29 December 2022

Security: (i) a share charge in favour of the Lender in respect of the entire issued share capital of the Borrower as supplemented by a confirmatory share charge dated 11 May 2022;

- (ii) a first legal charge over all the title, rights and interest in commercial properties located in Mongkok, Kowloon, Hong Kong (which are valued by an independent property valuer at approximately HK\$91,000,000 on 8 November 2021) executed by the Borrower as its owner in favour of the Lender; and
- (iii) guarantee given by the Guarantor in favour of the Lender as supplemented by a confirmatory guarantee dated 11 May 2022.

CREDIT RISK ASSESSMENT PROCEDURES

The Group had conducted credit risk assessment before the Extension in accordance with its customary procedures in assessing the provision and renewal of loans. In particular, the Group had carried out the following measures:

- (i) examining the background of the Borrower, including but not limited to its business development, financial strength and repayment ability (including recent settlement record in which there were no incidents of default);
- (ii) maintaining regular contact with the Borrower and paying regular attention to its latest business development and the developments of different sectors of the relevant industries;
- (iii) conducting litigation and winding up searches against the Borrower and Magnum; and litigation and bankruptcy searches against the Guarantor; and
- (iv) considering the relatively short-term nature of the Loan.

After assessing the credit risks involved in the Extension, the Board considered that such credit risks were manageable to the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Board is of the view that the Extension is a transaction carried out as part of the ordinary and usual course of business of the Group. The terms of the Supplemental Agreement (including the interest rate) have been arrived at by the parties after arm's length negotiation, having regard to prevailing commercial practice and the amount of the Loan. Having considered (i) the financial background of the Borrower and the Guarantor; and (ii) the interest income to be brought to the Group, the Board considers that the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE BORROWER AND GUARANTOR

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

The Guarantor is an individual, Mr. Tam, who is the sole director and the sole shareholder of Magnum. Magnum is the wholly-owned beneficial owner of the Borrower.

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

INFORMATION ON THE GROUP AND THE LENDER

The Group is principally engaged in property investment, property development, securities investment and loan financing businesses.

The Lender is an indirect wholly-owned subsidiary of the Company and is incorporated in Hong Kong with limited liability. It is a registered money lender holding a valid money lender's licence under the provision of the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) and is principally engaged in the business of money lending services.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios under the Listing Rules in respect of the Loan (as extended by the Supplemental Agreement) on a standalone basis or aggregated with the Previous Loan within 12 months exceeds 5% but less than 25%, the Extension constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

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

Hong Kong, 11 May 2022

As at the date hereof, the Board comprises Ms. Koon Ho Yan Candy, Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky as executive Directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles as independent non-executive Directors.