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China Futex Holdings Limited

中國福紡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8506)

**(1) UPDATE ON MAJOR TRANSACTION –
PROVISION OF GUARANTEES;
(2) DISCLOSEABLE TRANSACTION –
PROVISION OF THE ICBC GUARANTEE;
AND
(3) DISCLOSEABLE TRANSACTION –
PROVISION OF LOAN TO AN ENTITY**

(1) UPDATE ON MAJOR TRANSACTION – PROVISION OF GUARANTEES

The Board announces that it has come to the notice of the Board during the Investigation that Zhangzhou Kaixing was the judgment debtor in respect of eight litigation proceedings in the PRC and GRC first noted from a search report dated 7 April 2021 that Zhangzhou Kaixing was a defendant in respect of an ongoing litigation proceeding in the PRC (collectively, the “**Litigations**”). The Board was not aware of the existence of the Litigations until the findings on the existence of the Litigations were reported by GRC in around early April 2021. Since then, the Board has endeavoured to obtain information of the Litigations. The particulars of the Litigations were made known to the Board when some of the relevant documents were successfully obtained from Zhangzhou Kaixing in May 2021. Based on the information currently available to the Board, the Litigations comprised (i) four proceedings in relation to loans obtained by Zhangzhou Kaixing from ABC, (ii) four proceedings in relation to the Greenfresh Arrangement, and (iii) one proceeding in relation to the ICBC Guarantee.

(2) DISCLOSEABLE TRANSACTION – PROVISION OF THE ICBC GUARANTEE

The Board also announces that it has come to the notice of the Board during the Investigation that Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) entered into the ICBC Guarantee dated 17 January 2018 in favour of ICBC for the due performance of the repayment obligations of the ICBC Borrower with a maximum guaranteed amount of RMB20 million. The existence of the ICBC Guarantee was revealed by the court documents relating to one of the Litigations, which were obtained by the Board during the Investigation.

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the ICBC Guarantee exceeded 5% but was less than 25%, the ICBC Guarantee constituted a discloseable transaction for the Company and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

(3) DISCLOSEABLE TRANSACTION – PROVISION OF LOAN TO AN ENTITY

Further, it has come to the notice of the Board during the Investigation that Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) entered into the Loan Agreement dated 2 November 2020 with the ZK Borrower. Pursuant to the Loan Agreement, Zhangzhou Kaixing agreed to grant to the ZK Borrower a loan of RMB40 million bearing an interest rate of 12% per annum for a term of 12 months from 3 November 2020 to 2 November 2021.

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Loan Agreement exceeded 5% but was less than 25%, the Loan Agreement constituted a discloseable transaction for the Company and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

GEM LISTING RULE IMPLICATIONS ON THE FINANCIAL ASSISTANCE VIEWED IN AGGREGATE

In case the financial assistance provided by Zhangzhou Kaixing (comprising (i) the provision of guarantees by Zhangzhou Kaixing to Fujian Greenfresh under the Greenfresh Arrangement, (ii) the provision of guarantee by Zhangzhou Kaixing to the ICBC Borrower under the ICBC Guarantee, and (iii) the provision of the Loan by Zhangzhou Kaixing to the ZK Borrower under the Loan Agreement) is viewed in aggregate, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the Financial Assistance exceeded 25%, the provision of Financial Assistance constituted a major transaction for the Company and was therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As (i) the provision of guarantees under the Greenfresh Arrangement, (ii) the provision of guarantee under the ICBC Guarantee, and (iii) the provision of the Loan under the Loan Agreement were not made aware to the Board prior to or at the time of entering into of the relevant agreements (whether written or verbal), the Company had unintentionally failed to make timely disclosure of the transactions contemplated thereunder and/or to seek Shareholders' approval.

(1) UPDATE ON MAJOR TRANSACTION – PROVISION OF GUARANTEES

Reference is made to the Announcements (announcements of the Company dated 30 December 2020 and 10 March 2021) in relation to, among other things, the Greenfresh Arrangement, under which Zhangzhou Kaixing (an indirect wholly-owned subsidiary of the Company) and Fujian Greenfresh agreed to provide guarantees for each other in obtaining banking facilities. The Board would like to provide supplementary information in relation to the matters disclosed in the Announcements.

Introduction

As disclosed in the announcement of the Company dated 10 March 2021, the Company had engaged GRC, an independent internal control consultant, to, among other things, perform a fact-finding exercise to investigate into the Greenfresh Arrangement (the “**Investigation**”), estimate the Greenfresh Arrangement’s potential impacts on the Company’s business and compliance, identify unresolved matters in relation to the Greenfresh Arrangement (if any), and submit an investigation report to the Internal Control Committee.

In the course of the Investigation, GRC first noted from a search report dated 30 March 2021 that Zhangzhou Kaixing was the judgment debtor in respect of eight litigation proceedings in the PRC and GRC first noted from a search report dated 7 April 2021 that Zhangzhou Kaixing was a defendant in respect of an ongoing litigation proceeding in the PRC (collectively, the “**Litigations**”). The Board was not aware of the existence of the Litigations until the findings on the existence of the Litigations were reported by GRC in around early April 2021. Since then, the Board has endeavoured to obtain information of the Litigations. The particulars of the Litigations were made known to the Board when some of the relevant documents were successfully obtained from Zhangzhou Kaixing in May 2021. Set out below are the details of the Litigations based on the information currently available to the Board.

(A) Litigations in relation to loans obtained by Zhangzhou Kaixing

Three enforcement notices were served on Zhangzhou Kaixing by Fujian Province Longhai City People’s Court* (福建省龍海市人民法院) (the “**Longhai Court**”) in relation to loans granted by ABC to Zhangzhou Kaixing. Details of the loan enforcement notices are as follows:

- (i) pursuant to a loan enforcement notice dated 2 March 2021 issued by the Longhai Court, Zhangzhou Kaixing shall pay ABC the principal of the loan in the amount of RMB2.9 million together with the interests accrued, and the legal fees, costs of the application and enforcement fees;

- (ii) pursuant to another loan enforcement notice dated 2 March 2021 issued by the Longhai Court, Zhangzhou Kaixing shall pay ABC an amount of RMB15 million together with the interests accrued, and the legal fees, costs of the application and enforcement fees; and
- (iii) pursuant to a loan enforcement notice dated 4 March 2021 issued by the Longhai Court, Zhangzhou Kaixing shall pay ABC an amount of approximately RMB27.2 million together with the interests accrued, and the costs of the application and enforcement fees.

(B) Litigations in relation to the Greenfresh Arrangement

The ABC Guarantee

As disclosed in the Announcements, Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) had entered into a guarantee agreement dated 7 April 2020 in favour of ABC for the due performance of repayment obligations of Fujian Greenfresh for an aggregate maximum guaranteed amount of RMB16 million (the “**ABC Guarantee**”). In respect of the ABC Guarantee:

- (i) an enforcement notice dated 20 February 2021, order of property reporting dated 20 February 2021 and enforcement judgment dated 22 February 2021 were served on, among others, Zhangzhou Kaixing by Fujian Province Zhangzhou City Intermediate People’s Court* (福建省漳州市中級人民法院) (the “**Zhangzhou Court**”) in respect of each of three legal proceedings in relation to loans granted by ABC to Fujian Greenfresh. While the underlying principal amount of loans provided by ABC to Fujian Greenfresh involved in the said legal proceedings amounted to approximately RMB143.3 million in aggregate, Zhangzhou Kaixing was one of the judgment debtors in the said legal proceedings as one of the guarantors pursuant to the ABC Guarantee. In each of the above-mentioned three legal proceedings, Zhangzhou Kaixing and Mr. Chen Yihui (a former executive Director and the Wrongdoing Director as defined in the Announcements) were jointly liable for judgment debts as guarantors with a maximum liability of RMB16 million. Properties of Zhangzhou Kaixing and Mr. Chen Yihui with an equivalent value of RMB16 million shall be impounded, arrested, frozen, appropriated or distrained. Zhangzhou Kaixing was also ordered to disclose the status of its properties to the court; and
- (ii) an enforcement judgment dated 2 March 2021 was served on, among others, Zhangzhou Kaixing by the Longhai Court in respect of a legal proceeding in relation to loan(s) granted by ABC to Fujian Greenfresh. Pursuant to the said enforcement judgment, while the amount payable to ABC was in the amount of approximately RMB16.4 million, Zhangzhou Kaixing and Mr. Chen Yihui were jointly liable for judgment debts as guarantors with a maximum liability of RMB16 million. Order of the court included freezing and appropriating bank deposits, retention of income and seizure of properties of Zhangzhou Kaixing and Mr. Chen Yihui with an equivalent value of RMB16 million.

As disclosed in the announcement of the Company dated 30 December 2020, the ABC Guarantee was to secure the repayment obligations of Fujian Greenfresh under the ABC First Loan Agreement (being the loan agreement entered into between ABC and Fujian Greenfresh in relation a loan in the principal amount of RMB7 million) and the ABC Second Loan Agreement (being the loan agreement entered into between ABC and Fujian Greenfresh in relation a loan in the principal amount of RMB6 million). According to the above-mentioned enforcement notices and enforcement judgments, (i) the relevant loans made by ABC to Fujian Greenfresh amounted to over RMB150 million; and (ii) Zhangzhou Kaixing and Mr. Chen Yihui shall be jointly responsible for the guaranteed amount of up to RMB16 million. To the best knowledge, information and belief of the Directors, the Board is not aware of other loans provided by ABC to Fujian Greenfresh which are secured by the ABC Guarantee.

The Everbright Guarantee

As disclosed in the Announcements, Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) had entered into a guarantee agreement dated 27 April 2020 in favour of Everbright for the due performance of repayment obligations of Fujian Greenfresh for an aggregate maximum guaranteed amount of RMB20 million (the “**Everbright Guarantee**”).

Pursuant to a civil complaint dated 14 January 2021 filed by Everbright in respect of the Everbright Guarantee, Everbright claimed against Fujian Greenfresh for repaying the principal of the loan in the amount of RMB20 million together with the interests accrued and the legal fees, and claimed against, among others, Zhangzhou Kaixing to be jointly liable together with other guarantors for the amounts payable by Fujian Greenfresh to Everbright. Based on the information currently available to the Board, the case was transferred to the Zhangzhou Court in February 2021. A notice of response to action dated 26 February 2021 was served on Zhangzhou Kaixing by the Zhangzhou Court. According to the notice of response to action, the claim filed by Everbright against, among others, Fujian Greenfresh and Zhangzhou Kaixing has been accepted by the Zhangzhou Court. As at the date of this announcement, to the best knowledge, information and belief of the Directors, Zhangzhou Kaixing has not filed any defence to the claim.

(C) Litigation in relation to the ICBC Guarantee

A civil mediation agreement dated 22 February 2021 was entered into among, among others, ICBC (as the plaintiff), the ICBC Borrower (as one of the defendants) and Zhangzhou Kaixing (as one of the defendants) in relation to loans granted by ICBC to the ICBC Borrower. Zhangzhou Kaixing was one of the judgment debtors in the said legal proceeding as one of the guarantors pursuant to the ICBC Guarantee, under which the maximum liability of Zhangzhou Kaixing amounted to RMB20 million.

Pursuant to an enforcement notice dated 16 March 2021 issued by the Longhai Court, Zhangzhou Kaixing shall pay ICBC the principal of the loan in the amount of RMB17 million together with the interests accrued, and the legal fees, costs of the application and enforcement fees.

The Company is in the course of seeking legal advice in respect of the Litigations. Further announcement(s) will be made by the Company as and when appropriate should there be any significant progress of the Litigations.

(2) DISCLOSEABLE TRANSACTION – PROVISION OF THE ICBC GUARANTEE

It has also come to the notice of the Board during the Investigation that Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) entered into the ICBC Guarantee dated 17 January 2018 in favour of ICBC for the due performance of the repayment obligations of the ICBC Borrower. The existence of the ICBC Guarantee was revealed by the court documents relating to one of the Litigations, which were obtained by the Board during the Investigation. Set out below are the principal terms of the ICBC Guarantee based on the information currently available to the Board.

Principal terms of the ICBC Guarantee

Date: 17 January 2018

Parties: Zhangzhou Kaixing (as guarantor); and
ICBC (as guarantee)

To the best knowledge, information and belief of the Directors, ICBC and its ultimate beneficial owner(s) are Independent Third Parties

Scope of the guarantee: Zhangzhou Kaixing agreed to provide guarantee in favour of ICBC for the due performance of the repayment obligations of the ICBC Borrower with a maximum guaranteed amount of RMB20 million

Guarantee period: Two years from the date after the maturity date or the early maturity date (if applicable) of the loan (in the case of loan agreement or other financing documents); and

Two years from the date after payment made or financial assistance offered by ICBC (in the case of bank acceptance agreements, guarantee agreements or credit issuance agreements)

Information on the ICBC Borrower

The ICBC Borrower is a limited liability company established in the PRC on 18 April 2005. The businesses of the ICBC Borrower mainly includes manufacturing of carton and furniture. To the best knowledge, information and belief of the Directors, save that an ultimate beneficial owner of the ICBC Borrower who holds 35% interest in a company which directly holds 75% interest in the ICBC Borrower (an ultimate beneficial owner of the ICBC Borrower since October 2020) is the executive director, legal representative and manager of Zhangzhou Kaixing (who has been holding such positions in Zhangzhou Kaixing since December 2020), the ICBC Borrower and its ultimate beneficial owner are Independent Third Parties.

Discovery of the ICBC Guarantee

The provision of the ICBC Guarantee by Zhangzhou Kaixing was only revealed to the Board upon receiving the search report dated 30 March 2021 from GRC showing existence of the Litigations. The Board was only able to ascertain the terms of the ICBC Guarantee when some of the relevant documents were obtained from Zhangzhou Kaixing in May 2021 as disclosed under the paragraph headed “(1) Update on Major Transaction – Provision of Guarantees” above and a copy of the ICBC Guarantee was obtained from Zhangzhou Kaixing in May 2021.

At the time the ICBC Guarantee was entered into, Zhangzhou Kaixing had three directors, which included Mr. Chen Yihui and Ms. Yuan Yuan, both of which are former executive Directors. The ICBC Guarantee was entered into by Mr. Chen Yihui, a former executive Director, for and on behalf of Zhangzhou Kaixing. The Board reiterated that the ICBC Guarantee was entered into without notice to and the proper approval of the Board and/or the Company.

GEM Listing Rules Implications

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the ICBC Guarantee exceeded 5% but was less than 25%, the ICBC Guarantee constituted a discloseable transaction for the Company and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. Accordingly, the Company had unintentionally failed to notice the existence of the ICBC Guarantee and to make timely disclosure of the ICBC Guarantee.

(3) DISCLOSEABLE TRANSACTION – PROVISION OF LOAN TO AN ENTITY

Further, it has come to the notice of the Board during the Investigation that Zhangzhou Kaixing (without notice to and the proper approval of the Board and/or the Company) entered into the Loan Agreement dated 2 November 2020 with the ZK Borrower. Pursuant to the Loan Agreement, Zhangzhou Kaixing agreed to grant to the ZK Borrower a loan of RMB40 million. Set out below are the principal terms of the Loan Agreement based on the information currently available to the Board.

Principal terms of the Loan Agreement

Date:	2 November 2020
Lender:	Zhangzhou Kaixing
Borrower:	ZK Borrower
Loan principal:	RMB40 million
Loan term:	12 months from 3 November 2020 to 2 November 2021
Interest rate:	12% per annum
Drawdown date:	within ten (10) working days from the date of execution of the Loan Agreement
Repayment:	the ZK Borrower shall repay the interest and the Loan principal in full upon the expiry of the Loan term
Use of the Loan proceeds:	to finance the working capital of the ZK Borrower
Early termination:	Zhangzhou Kaixing is entitled to demand immediate repayment of the Loan principal if the ZK Borrower utilises the Loan purposes other than as agreed pursuant to the Loan Agreement or for unlawful activities

The Loan was funded by the internal resources of Zhangzhou Kaixing.

Information on the ZK Borrower

The ZK Borrower is a limited liability company established in the PRC on 10 November 2009. The businesses of the ZK Borrower mainly includes the retail and wholesale of fresh fruits and vegetables. To the best knowledge, information and belief of the Directors, the ZK Borrower and its ultimate beneficial owner are Independent Third Parties.

Discovery of the Loan

The existence of the Loan Agreement was only revealed when GRC reviewed the bank statements and financial ledgers of Zhangzhou Kaixing in the course of the Investigation, which were provided by Zhangzhou Kaixing to GRC upon GRC's requests for documents for the purpose of the Investigation. Upon noting the existence of the Loan, GRC notified the financial controller of the Company who immediately followed up by obtaining the Loan Agreement from Zhangzhou Kaixing and reporting to the Board.

At the time the Loan Agreement was entered into, Mr. Chen Yihui, a former executive Director, was the sole director of Zhangzhou Kaixing. Upon reviewing the payment notices in respect of the Loan Agreement, it is noted that the payments made by Zhangzhou Kaixing to the ZK Borrower pursuant to the Loan Agreement was arranged by a finance personnel and approved by Ms. Yuan Yuan, a former executive Director. The Board reiterated that the Loan Agreement was entered into without notice to and the proper approval of the Board and/or the Company.

GEM Listing Rules Implications

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Loan Agreement exceeded 5% but was less than 25%, the Loan Agreement constituted a discloseable transaction for the Company and was therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules. Accordingly, the Company had unintentionally failed to notice the existence of the Loan Agreement and to make timely disclosure of the Loan Agreement.

GEM LISTING RULE IMPLICATIONS ON THE FINANCIAL ASSISTANCE VIEWED IN AGGREGATE

As disclosed in the Announcements and in this announcement, financial assistance (the “**Financial Assistance**”) provided by Zhangzhou Kaixing comprised (i) the provision of guarantees by Zhangzhou Kaixing to Fujian Greenfresh under the Greenfresh Arrangement, (ii) the provision of guarantee by Zhangzhou Kaixing to the ICBC Borrower under the ICBC Guarantee, and (iii) the provision of the Loan by Zhangzhou Kaixing to the ZK Borrower under the Loan Agreement. To the best knowledge, information and belief of the Directors:

- (1) the executive director, legal representative, general manager and sole shareholder of the ZK Borrower (who has been holding such positions and has been the sole shareholder of the ZK Borrower since January 2020) and the chairman of the board of directors, legal representative and general manager of Fujian Greenfresh (who has been holding such positions in Fujian Greenfresh since March 2021) is the same person;
- (2) the executive director, legal representative and manager of Zhangzhou Kaixing (who has been holding such positions in Zhangzhou Kaixing since December 2020) is an ultimate beneficial owner of the ICBC Borrower who holds 35% interest in a company which directly holds 75% interest in the ICBC Borrower (an ultimate beneficial owner of the ICBC Borrower since October 2020); and
- (3) the chairman of the board of directors, legal representative and general manager of the ICBC Borrower (who has been holding such positions in the ICBC Borrower since August 2020) who is also an ultimate beneficial owner of the ICBC Borrower who directly holds 65% interest in a company which directly holds 75% interest in the ICBC Borrower (an ultimate beneficial owner of the ICBC Borrower since October 2020) was the executive director and legal representative of Fujian Greenfresh (who had ceased to hold such positions in Fujian Greenfresh in March 2021).

In case the Financial Assistance is viewed in aggregate, as one or more of the applicable percentage ratios in respect of the transactions contemplated under the Financial Assistance exceeded 25%, the provision of Financial Assistance constituted a major transaction for the Company and was therefore subject to the reporting, announcement and shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

As (i) the provision of guarantees under the Greenfresh Arrangement, (ii) the provision of guarantee under the ICBC Guarantee, and (iii) the provision of the Loan under the Loan Agreement were not made aware to the Board prior to or at the time of entering into of the relevant agreements (whether written or verbal), the Company had unintentionally failed to make timely disclosure of the transactions contemplated thereunder and/or to seek Shareholders’ approval.

REMEDIAL MEASURES

In order to avoid recurrence of such incidents in the future, the following remedial measures have been or will be taken by the Group:

- (1) the Company has established the Internal Control Committee on 19 January 2021 as disclosed in the announcement of the Company dated 10 March 2021;
- (2) the Company has engaged GRC on 26 January 2021 to, among other things, conduct the Investigation and review the internal control procedures of the Company and provide recommendations to enhance the internal control of the Company. As subsequently agreed between the Company and GRC, the Internal Control Committee will follow up on the Investigation and the scope of work of GRC is revised to include assessment on the effectiveness of the internal control systems of the Group (including business processes involved in the provision of guarantees without proper authority) and the provision of recommendations to enhance internal control procedures of the Group. As at the date of this announcement, GRC is reviewing the information and documents recently available to the Company and provided to GRC and following up with the management of the Company regarding the effects and implications on the internal control of the Company;
- (3) a checklist of major compliance obligations under the GEM Listing Rules, which include the requirements for notifiable transactions under Chapter 19 of the GEM Listing Rules, was circulated to the Directors in January 2021 to remind the Directors of the compliance obligations under the GEM Listing Rules; and
- (4) further trainings will be provided to the Directors and senior management staff of the Group in relation to compliance obligations of the Company under the GEM Listing Rules, including provisions of the GEM Listing Rules regarding notifiable transactions.

The Group will also seek advice from legal advisers regarding the legal rights of the Group against person(s) involved in the provision of Financial Assistance on behalf of Zhangzhou Kaixing.

DEFINITIONS

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

“ABC”	the Longhai Branch of Agricultural Bank of China Limited* (中國農業銀行股份有限公司), a licensed commercial bank in the PRC
“Announcements”	the announcements of the Company dated 30 December 2020 and 10 March 2021
“Board”	the board of Directors
“China Greenfresh”	China Greenfresh Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange (stock code: 6183)
“Company”	China Futex Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM (stock code: 8506)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Everbright”	the Zhangzhou Branch of China Everbright Bank Company Limited* (中國光大銀行股份有限公司), a licensed commercial bank in the PRC
“Fujian Greenfresh”	Fujian Greenfresh Foods Group Company Limited* (福建綠寶食品集團有限公司), a company established in the PRC on 3 November 1995 and an indirect wholly-owned subsidiary of China Greenfresh
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited as amended by the Stock Exchange from time to time
“GRC”	GRC Chamber Limited, an independent internal control consultant engaged by the Company as disclosed in the announcement of the Company dated 10 March 2021

“Greenfresh Arrangement”	the cross guarantee arrangement between Zhangzhou Kaixing and Fujian Greenfresh, under which Zhangzhou Kaixing and Fujian Greenfresh agreed to provide guarantees for each other in obtaining banking facilities, further details of which are set out in the Announcements
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“ICBC”	the Longhai Branch of Industrial and Commercial Bank of China Limited* (中國工商銀行股份有限公司), a licensed commercial bank in the PRC
“ICBC Borrower”	Longhuai Industry (Zhangzhou) Co., Ltd* (龍懷工業(漳州)有限公司), a limited liability company established in the PRC on 18 April 2005. For further details, please refer to “(2) Discloseable Transaction – Provision of the ICBC Guarantee – Information on the ICBC Borrower” in this announcement
“ICBC Guarantee”	the guarantee entered into between Zhangzhou Kaixing and ICBC in January 2018, pursuant to which Zhangzhou Kaixing agreed to provide guarantee in favour of ICBC for the due performance of the repayment obligations of the ICBC Borrower with a maximum guaranteed amount of RMB20 million
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Company and its connected persons
“Internal Control Committee”	the internal control committee established by the Company on 19 January 2021 as disclosed in the announcement of the Company dated 10 March 2021
“Loan”	the loan in the principal amount of RMB40 million granted by Zhangzhou Kaixing to the ZK Borrower pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 2 November 2020 entered into between Zhangzhou Kaixing and the ZK Borrower in relation to the grant of the Loan to the ZK Borrower
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excludes Taiwan, Hong Kong and The Macau Special Administrative Region of the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhangzhou Kaixing”	Zhangzhou Kaixing Machine Co., Ltd* (漳州凱星機械有限公司), a wholly foreign owned enterprise company established in the PRC on 15 March 2004 and an indirect wholly-owned subsidiary of the Company
“ZK Borrower”	Xiamen Xinzhonglue Trading Co., Ltd* (廈門鑫中略貿易有限公司), a limited liability company established in the PRC on 10 November 2009. For further details, please refer to “(3) Discloseable Transaction – Provision of loan to an entity – Information on the ZK Borrower” in this announcement
“%”	per cent

By order of the Board
China Futex Holdings Limited
Cheng Jun
Chairman and executive Director

Hong Kong, 20 May 2021

As at the date of this announcement, the executive Directors are Mr. Cheng Jun (Chairman), Mr. Guan Min, Mr. Zheng Liangjian and Mr. Wang Kun; and the independent non-executive Directors are Dr. Hu Xudong, Mr. Shum Shing Kei and Mr. Chan Ka Leung Kevin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.kx-machine.com.

* For identification purposes only