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JOINT ANNOUNCEMENT



**EASYKNIT INTERNATIONAL
HOLDINGS LIMITED**

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

INSIDE INFORMATION

LAND RESUMPTION WITH THE HUZHOU GOVERNMENT IN RESPECT OF THE HUZHOU PROPERTIES

This joint announcement is made by Easyknit and Eminence pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

THE LAND RESUMPTION AGREEMENT

The Easyknit Board and the Eminence Board jointly announce that on 5 October 2022, the Land Resumption Agreement was entered into between the Huzhou Government and Enterprises Huzhou, pursuant to which, among other things, the Huzhou Government shall resume, and Enterprises Huzhou shall surrender, the Huzhou Properties with the Compensation Amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000) payable by the Huzhou Government to Enterprises Huzhou.

Details of the Land Resumption Agreement are summarized as follows:

Date : 5 October 2022

Parties : (1) Huzhou Government

(2) Enterprises Huzhou

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Huzhou Government and its ultimate beneficial owners are Independent Third Parties.

The Huzhou Properties to be resumed

Enterprises Huzhou (a wholly foreign-owned enterprise established in the PRC) is an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit. The Huzhou Properties is an industrial complex which comprises fifteen (15) blocks of factory premises and five (5) blocks of dormitories erected over two (2) connected parcels of land situated at Easyknit Science and Technology City, No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC which is completed in between 2009 to 2019 and located at east to Dongliang Road, south to Chang An West Road, west to Yang Xi Road, north to Zhong Hua West Road and owned by Enterprises Huzhou for industrial use with a total site area of 167,739.56 square metres, and the existing developments have a total gross floor area of 152,722.24 square metres.

Pursuant to the Certificates of State-owned Land-use (Zhe (2017) Huzhou City (Wuxing) Immovable Property Number 0091768 and Zhe (2017) Huzhou City (Wuxing) Immovable Property Number 0091769), the land-use rights with respective site areas of 122,659.56 square metres and 45,080 square metres have been granted to Enterprises Huzhou for industrial use initially in 2005 and updated in 2017 respectively which will be expired on 1 August 2055 and 14 December 2054 respectively.

The Huzhou Properties, of which, land-use rights were acquired in August 2005 and August 2006 respectively with total initial acquisition costs of approximately RMB4,309,000 (equivalent to approximately HK\$4,912,000) while total construction costs for various blocks of the Huzhou Properties total amounted to approximately RMB231,444,000 (equivalent to approximately HK\$263,846,000). Based on Eminence's annual report 2022, as at 31 March 2022, the Huzhou Properties had a total carrying amount of approximately HK\$387,683,000 and property rental income and management fee income of approximately HK\$8,210,000 and HK\$18,007,000 respectively were recorded. The Huzhou Properties are not under mortgage.

According to the preliminary valuation prepared by Vigers Appraisal and Consulting Limited, an independent property valuer, the market value of the Huzhou Properties as at 31 August 2022 was RMB317,900,000 (equivalent to approximately HK\$362,406,000). As at the date of this joint announcement, part of the Huzhou Properties with gross floor area of 378.04 square metres or thereabouts is owner-occupied for office use; part of the Huzhou Properties with gross floor area of 131,288.26 square metres or thereabouts is let to various tenants at an aggregate monthly rent of approximately RMB1,749,893.50 as at 31 March 2022 with last expiry date on 31 December 2027; and the remainder of the Huzhou Properties is vacant for letting or future development(s).

The Land Resumption

Referring to the Letters, Enterprises Huzhou was (i) notified that the Huzhou Properties be included in the 2022 land resumption plan of the Huzhou Government, under which Enterprises Huzhou is obliged to surrender the land use rights and buildings erected on the Huzhou Properties; and (ii) informed that the Compensation Amount (on the basis of approximately 251.61 mu (equivalent to approximately 167,739.56 square metres) at RMB1,538,000 per mu) be payable to Enterprises Huzhou.

As from the date of the first Letter of 29 June 2022, new construction, extension, renovation, industrial or commercial registration, and change of use, title, mortgage registration regarding the Huzhou Properties would be not allowed so as to increase the Compensation Amount. Enterprises Huzhou should cooperate with the local authorities and coordinate as and when necessary in relation to the Land Resumption.

As stated in the second Letter of 6 July 2022, Enterprises Huzhou was required to arrange for cancellation of the land title of the Huzhou Properties under its name, and release and termination of existing tenancies of the Huzhou Properties. Enterprises Huzhou should also procure the release of all mortgages and debts on the relevant assets and the Huzhou Government should pay the Compensation Amount to Enterprises Huzhou in relation to the Land Resumption.

Pursuant to the (i) notice dated 16 May 2018 regarding regulations on compensation, subsidies and awards for housing expropriation on state-owned land in Huzhou City issued by Huzhou Municipal Bureau of Housing and Urban-Rural Development; (ii) notice dated 25 December 2020 regarding implementation rules for housing expropriation and compensation on state-owned land in Wuxing District (for trial implementation) issued by the Government of Wuxing District; and (iii) the Letters, for enhancing the efficiency use of land and Zhili town planning purposes, the Huzhou Government proposed to enter into the Land Resumption Agreement with Enterprises Huzhou pursuant to which, among other things, Enterprises Huzhou is obliged to surrender the land use rights and buildings erected on the Huzhou Properties to the Huzhou Government at the Compensation Amount. Pursuant to the Land Resumption Agreement, Enterprises Huzhou should cooperate with the Huzhou Government to complete the change of land title procedures before 31 December 2022, and vacate and handover the Huzhou Properties before 10 February 2023.

The Compensation Amount

Pursuant to the Land Resumption Agreement, the Compensation Amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000) will be paid by the Huzhou Government to the designated bank account of Enterprises Huzhou as follows:

- (1) 40% of the Compensation Amount, that is RMB154,792,800 (equivalent to approximately HK\$176,464,000) shall be payable within ten (10) business days after signing of the Land Resumption Agreement;
- (2) 40% of the Compensation Amount, that is RMB154,792,800 (equivalent to approximately HK\$176,464,000) shall be payable within ten (10) business days after the Huzhou Properties have vacated by Enterprises Huzhou and delivered to the Huzhou Government; and
- (3) 20% of the Compensation Amount, that is RMB77,396,400 (equivalent to approximately HK\$88,231,000) shall be payable within ten (10) business days upon confirmation of assets delivery conditions and completion of cancellation procedures.

The Compensation Amount was determined by the Huzhou Government on the basis of approximately 251.61 mu (equivalent to approximately 167,739.56 square metres) at RMB1,538,000 per mu with reference to a valuation report prepared by a valuer in Huzhou engaged by the Huzhou Government as stated in the second Letter dated 6 July 2022. The Compensation Amount is expected to be used for the Group's general working capital, bank loan repayment and/or financing projects.

FINANCIAL EFFECT OF THE LAND RESUMPTION

Based on the latest unaudited management accounts of the Eminence Group, as at 31 August 2022, the carrying value of the Huzhou Properties was approximately HK\$362,406,000. On account of the aggregate Compensation Amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000), the Eminence Group is expected to record an estimate gain before tax from the Land Resumption of approximately HK\$78,753,000. The actual amount of gain from the Land Resumption to be recorded by the Eminence Group is subject to audit and will take into account any costs and expenses and taxes incurred relating to the Land Resumption, and accordingly it may be different from the amount stated above.

INFORMATION OF ENTERPRISES HUZHOU AND THE GROUP

Enterprises Huzhou (a wholly foreign-owned enterprise established in the PRC) is an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit. The principal activity of Enterprises Huzhou is property investment. The Huzhou Properties are owned by Enterprises Huzhou.

Easyknit is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218). The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

Eminence is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616). As at the date of this joint announcement, Eminence is owned as to approximately 51.60% by Easyknit, and thus is a non-wholly owned subsidiary of Easyknit. The Eminence Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

INFORMATION OF THE HUZHOU GOVERNMENT

The Huzhou Government is the People's Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC, which is responsible for the Land Resumption in Zhili Town, Huzhou City, Zhejiang Province, the PRC.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Huzhou Government and its ultimate beneficial owners are Independent Third Parties.

GENERAL

Application has been made by Eminence to the Stock Exchange for an exemption of Rule 14.04(1)(a) of the Listing Rules in relation to the entering into the Land Resumption Agreement does not constitute a transaction as defined under Chapter 14 of the Listing Rules and the same has been granted by the Stock Exchange.

The Easyknit Shareholders and the Eminence Shareholders and potential investors of Easyknit and Eminence should note that as at the date of this joint announcement, completion of the Land Resumption has not taken place and the Huzhou Properties may or may not be successfully surrendered to the Huzhou Government. Easyknit and Eminence will publish further joint announcement(s) to update the status of the Land Resumption as and when appropriate.

The Easyknit Shareholders and the Eminence Shareholders and potential investors of Easyknit and Eminence are advised to exercise caution when dealing in the securities of Easyknit and Eminence.

DEFINITIONS

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

“Compensation Amount”	the compensation amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000) under the Land Resumption Agreement payable by the Huzhou Government to the designated bank account of Enterprises Huzhou
“Directors”	collectively, the Easyknit Directors and the Eminence Directors
“Easyknit”	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218)
“Easyknit Board”	the board of directors of Easyknit
“Easyknit Directors”	the directors of Easyknit
“Easyknit Group”	Easyknit and its subsidiaries
“Easyknit Shareholders”	holders of the Easyknit Shares
“Easyknit Shares”	ordinary shares of par value of HK\$0.10 each in the share capital of Easyknit
“Eminence”	Eminence Enterprise Limited (高山企業有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616), and an approximately 51.60%-owned subsidiary of Easyknit
“Eminence Board”	the board of directors of Eminence
“Eminence Directors”	the directors of Eminence

“Eminence Group”	Eminence and its subsidiaries
“Eminence Shareholders”	holders of the Eminence Shares
“Eminence Shares”	ordinary shares of par value of HK\$0.01 each in the share capital of Eminence
“Enterprises Huzhou”	Easyknit Enterprises (Huzhou) Co., Ltd. (永義實業(湖州)有限公司) (formerly known as Easyknit Garments (Huzhou) Co., Ltd. (永義製衣(湖州)有限公司)) (a wholly foreign-owned enterprise established in the PRC), an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit
“Group”	collectively, the Easyknit Group and the Eminence Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Government”	the People’s Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中國浙江省湖州市吳興區織里鎮人民政府)
“Huzhou Properties”	an industrial complex of fifteen (15) blocks of factory premises and five (5) blocks of dormitories erected over two (2) connected parcels of land situated at Easyknit Science and Technology City, No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (中國浙江省湖州市吳興區織里鎮棟樑路 108 號永義科技城) which is owned by Enterprises Huzhou for industrial use with a total site area of 167,739.56 square metres and a total gross floor area of 152,722.24 square metres respectively
“Independent Third Party(ies)”	person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best knowledge and belief of the Easyknit Directors and the Eminence Directors, as the case may be, having made all reasonable enquiries, is or are third party(ies) independent of and not connected with Easyknit or Eminence, as the case may be, and their respective connected persons (as defined in the Listing Rules)
“Land Resumption”	the resumption of the Huzhou Properties by the Huzhou Government pursuant to the Land Resumption Agreement with the Compensation Amount
“Land Resumption Agreement”	a land resumption agreement dated 5 October 2022 entered into between Huzhou Government and Enterprises Huzhou in relation to the Land Resumption
“Letter(s)”	two (2) letter(s) dated 29 June 2022 and 6 July 2022 respectively issued by the Huzhou Government to Enterprises Huzhou notifying the resumption of the Huzhou Properties

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	the meaning defined in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this joint announcement, unless otherwise stated, the exchange rate of HK\$1.14 = RMB1.00 is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ and RMB have been, could have been or may be converted at such rate or any other exchange rate.

The English transliteration of the Chinese names in this joint announcement, is included for information purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.

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

By order of the Eminence Board
**EMINENCE
ENTERPRISE LIMITED**
Lai Law Kau
Chairman and Chief Executive Officer

Hong Kong, 5 October 2022

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

As at the date hereof, the Eminence Board comprises Mr. Lai Law Kau, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive Eminence Directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive Eminence Directors.