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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)

EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

JOINT ANNOUNCEMENT

- (1) PRE-CONDITIONAL VOLUNTARY CONDITIONAL CASH OFFER
BY ALTUS INVESTMENTS LIMITED
FOR AND ON BEHALF OF THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY
OF EASYKNIT INTERNATIONAL HOLDINGS LIMITED (“EASYKNIT”)
FOR ALL ISSUED SHARES OF
EMINENCE ENTERPRISE LIMITED
OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY
THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT;**
- (2) POSSIBLE VERY SUBSTANTIAL ACQUISITION FOR EASYKNIT
IN RELATION TO THE SHARE OFFER; AND**
- (3) RESUMPTION OF TRADING**

Financial Adviser to Easyknit International Holdings Limited

ALTUS CAPITAL LIMITED

THE SHARE OFFER

On 3 February 2021 (after trading hours), the Offeror informed the EE Board that it intends to make, subject to the satisfaction of the Pre-Condition, a voluntary conditional cash offer to acquire all the issued EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the Share Offer Price.

As at the date of this joint announcement, approximately 29.60% of the EE Shares in issue are held by the Offeror and parties acting in concert with it. In addition, Goodco (a party acting in concert with the Offeror) holds the Goodco Convertible Notes.

Principal terms of the Share Offer

The Share Offer, if and when made, will be made on terms to be set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code.

Altus Investments will, for and on behalf of the Offeror and subject to the satisfaction of the Pre-Condition and in compliance with the Takeovers Code, make a voluntary conditional cash offer to acquire all the EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the following price:

For each EE Share Share Offer Price, being HK\$0.50 in cash

No price increase statement

The Offeror confirms that the Share Offer Price will not be increased and the Offeror does not reserve the right to do so. EE Shareholders and prospective investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

The Pre-Condition

The making of the Share Offer will be subject to the requisite approval being obtained by Easyknit from the Easyknit Shareholders in relation to the Share Offer as required under the Listing Rules. The Pre-Condition cannot be waived.

If the Pre-Condition is not satisfied by the Pre-Condition Long Stop Date, i.e. 15 April 2021 (or such other date as the Offeror may determine with the consent of the Executive) the Share Offer will not proceed.

Conditions of the Share Offer

The Share Offer, if and when made, will be subject to the fulfilment of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date in respect of EE Shares which, together with the EE Shares already owned or acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of EE;
- (b) the EE Shares remaining listed on the main board of the Stock Exchange up to the Closing Date (or, if earlier, the Offer Unconditional Date), and trading in them not being suspended for a period of 30 consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the EE Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the EE Shares pending the release of any announcement in respect of the Share Offer);
- (c) none of the members of the EE Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the EE Group as a whole and no such litigation, arbitration or governmental proceeding has been threatened in writing to EE and there are no circumstances likely to give rise to any such litigation, arbitration or governmental proceeding; and
- (d) EE has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning EE or any member of the EE Group in any jurisdiction that is material to the EE Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened.

The Offeror reserves the right to waive all or any of the Conditions to the Share Offer set out above, either in whole or in part, either generally or in respect of any particular matter, except for Condition (a) which may not be waived. If any of the Conditions are not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Share Offer will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Condition(s) to the Share Offer other than the acceptance condition, so as to cause the Share Offer to lapse as a basis for not proceeding with the Share Offer unless the circumstances which give rise to the right to invoke the Condition(s) to the Share Offer are of material significance to the Offeror in the context of the Share Offer.

POSSIBLE VERY SUBSTANTIAL ACQUISITION FOR EASYKNIT

The Share Offer will constitute a very substantial acquisition for Easyknit under Chapter 14 of the Listing Rules and is therefore subject to the requirements of notification, announcement, reporting and approval from the Easyknit Shareholders.

A circular containing, among other things, (i) brief information about the Share Offer; (ii) financial information on the Easyknit Group; (iii) financial information on the EE Group; and (iv) a notice of the Easyknit SGM is expected to be despatched to the Easyknit Shareholders on or before 1 March 2021.

WARNING

The Pre-Condition must be satisfied before the making of the Share Offer. The making of the Share Offer is therefore a possibility only.

If made, the Share Offer may or may not become unconditional, subject to the satisfaction or waiver (where applicable) of the Conditions, and will lapse if it does not become unconditional. Accordingly, Easyknit Shareholders, EE Shareholders and prospective investors are advised to exercise caution when dealings in the securities of Easyknit or EE. Persons who are in doubt as to the action they should take should consult their professional advisers.

TRADING SUSPENSION AND RESUMPTION OF TRADING

At the request of Easyknit, trading in Easyknit Shares on the Stock Exchange was suspended at 9:00 a.m. on 4 February 2021 pending the release of this announcement. Application has been made by Easyknit to the Stock Exchange for resumption of trading in Easyknit Shares on the Stock Exchange with effect from 9:00 a.m. on 16 February 2021.

At the request of EE, trading in EE Shares on the Stock Exchange was suspended at 9:00 a.m. on 4 February 2021 pending the release of this announcement. Application has been made by EE to the Stock Exchange for resumption of trading in EE Shares on the Stock Exchange with effect from 9:00 a.m. on 16 February 2021.

THE SHARE OFFER

On 3 February 2021 (after trading hours), the Offeror informed the EE Board that it intended to make, subject to the satisfaction of the Pre-Condition, a voluntary conditional cash offer to acquire all the issued EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the Share Offer Price.

As at the date of this joint announcement, there are 931,458,010 EE Shares in issue, of which 275,687,665 EE Shares or approximately 29.60 % are held by the Offeror and parties acting in concert with it. In addition, Goodco, a party acting in concert with the Offeror (being a wholly-owned subsidiary of Easyknit, which is the parent company of the Offeror), holds the Goodco Convertible Notes with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently HK\$0.25 (subject to adjustment) all due on 28 August 2024. As Goodco is also a wholly-owned subsidiary of Easyknit and is a party acting in concert with the Offeror, no offer will be made for the Goodco Convertible Notes under Rule 13 of the Takeovers Code. Save for the above, there are no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into EE Shares as at the date of this joint announcement.

Principal terms of the Share Offer

The Share Offer, if and when made, will be made on terms to be set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code.

Altus Investments will, for and on behalf of the Offeror and subject to the satisfaction of the Pre-Condition and in compliance with the Takeovers Code, make a voluntary conditional cash offer to acquire all the EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the price:

For each EE Share Share Offer Price, being HK\$0.50 in cash

The Share Offer Price of HK\$0.50 per EE Share represents:

- (i) a premium of approximately 23.5% over the closing price of HK\$0.405 per EE Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 22.2% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.409;
- (iii) a premium of approximately 21.1% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.413;

- (iv) a premium of approximately 24.0% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.403;
- (v) a discount of approximately 84.2% to the audited consolidated net asset value per EE Share attributable to the EE Shareholders as at 31 March 2020 of approximately HK\$3.158 per EE Share calculated based on the audited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,941.9 million as at 31 March 2020 as extracted from the annual report of EE for the year ended 31 March 2020 and 931,458,010 EE Shares then in issue; and
- (vi) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.118 per EE Share calculated based on the unaudited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,904.0 million as at 30 September 2020 as extracted from the interim report of EE for the six months ended 30 September 2020 and 931,458,010 EE Shares then in issue.

All the EE Shares to be acquired under the Share Offer will be acquired (i) fully-paid; (ii) free from any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), equities, or other third party rights of whatsoever nature; and (iii) with all rights attached to the EE Shares including all rights to any dividends and other distributions declared, paid or made, on or after the date of despatch of the Composite Document.

As at the date of this joint announcement, there is no dividend declared but unpaid and the EE Board has not decided whether to recommend the payment of any dividend for the year ending 31 March 2021 (“**2021 Dividend**”) to the EE Shareholders. The EE Board will consider whether to recommend a payment of a 2021 Dividend when it meets to consider the consolidated results of EE for the year ending 31 March 2021. Such meeting is expected to take place by end of June 2021.

In the event that any dividends or distributions are declared, paid or made on or after the date of despatch of the Composite Document before the close of the Share Offer, the amount of such dividends or other distributions will be deducted from the Share Offer Price.

No price increase statement

The Offeror confirms that the Share Offer Price will not be increased and the Offeror does not reserve the right to do so. EE Shareholders and prospective investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Share Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

The Pre-Condition

The making of the Share Offer is subject to the requisite approval being obtained by Easyknit from the Easyknit Shareholders in relation to the Share Offer as required under the Listing Rules. The Pre-Condition cannot be waived.

If the Pre-Condition is not satisfied by the Pre-Condition Long Stop Date, i.e. 15 April 2021 (or such other date as the Offeror may determine with the consent of the Executive) the Share Offer will not be made. Easyknit and EE will issue a further announcement as soon as possible after the Pre-Condition has been satisfied or it has become apparent it is not capable of being satisfied (as the case may be).

WARNING: The Pre-Condition must be satisfied before the making of the Share Offer. The making of the Share Offer is therefore a possibility only. Accordingly, Easyknit Shareholders, EE Shareholders and prospective investors are advised to exercise caution when dealings in the securities of Easyknit or EE. Persons who are in doubt as to the action they should take should consult their professional advisers.

Conditions of the Share Offer

As at the date of this joint announcement, Easyknit and parties acting in concert with it hold 275,687,665 EE Shares, representing approximately 29.60% of the EE Shares in issue. In addition, Goodco (a party acting in concert with the Offeror) holds the Goodco Convertible Notes with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently of HK\$0.25 (subject to adjustment).

The Share Offer, if and when made, will be subject to the fulfilment or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive) in respect of the EE Shares which, together with the EE Shares owned or acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of EE, i.e. more than 465,729,005 EE Shares (based on the number of EE Shares in issue at the date of this joint announcement);
- (b) the EE Shares remaining listed on the main board of the Stock Exchange up to the Closing Date (or, if earlier, the Offer Unconditional Date), the trading of which not being suspended for a period of 30 consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the EE Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the EE Shares pending the release of any announcement in respect of the Share Offer);

- (c) none of the members of the EE Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the EE Group as a whole and no such litigation, arbitration or governmental proceeding has been threatened in writing to EE and there are no circumstances likely to give rise to any such litigation, arbitration or governmental proceeding; and
- (d) EE has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning EE or any member of the EE Group in any jurisdiction that is material to the EE Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened.

The Offeror reserves the right to waive all or any of the Conditions to the Share Offer set out above, either in whole or in part, either generally or in respect of any particular matter, except for Condition (a) which may not be waived. If any of the Conditions are not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Share Offer will lapse.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Condition(s) to the Share Offer other than the acceptance condition, so as to cause the Share Offer to lapse as a basis for not proceeding with the Share Offer unless the circumstances which give rise to the right to invoke the Condition(s) to the Share Offer are of material significance to the Offeror in the context of the Share Offer.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter, provided that the Offer Period is open for at least 21 days.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or the fulfilment of the Conditions (as the case may be) in accordance with the Takeovers Code.

Highest and lowest EE Share prices

During the six-month period preceding the date of this joint announcement, the highest closing price of the EE Shares as quoted on the Stock Exchange was HK\$0.425 per EE Share on 20 January 2021 and 21 January 2021 and the lowest closing price of the EE Shares as quoted on the Stock Exchange was HK\$0.230 per EE Share on 31 August 2020.

Value of the Share Offer

As at the date of this joint announcement, there are 931,458,010 EE Shares in issue of which 655,770,345 EE Shares will be subject to the Share Offer. Assuming that there is no change in the issued EE Shares from the date of this joint announcement up to the Closing Date and assuming full acceptance of the Share Offer, based on the Share Offer Price of HK\$0.50 per EE Share, the total cash consideration payable by the Offeror under the Share Offer would be approximately HK\$327.9 million.

Confirmation of financial resources available for the Share Offer

The Offeror intends to finance the total consideration payable under the Share Offer through cash and debt financing obtained by the Easyknit Group, and the EE Shares to be acquired by the Offeror under the Share Offer will be pledged to the bank as charged securities for the relevant debt financing.

Altus Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Share Offer.

Overseas EE Shareholders

The availability of the Share Offer to any overseas EE Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. The overseas EE Shareholders should observe any applicable legal or regulatory requirements and, where necessary, consult their own professional advisers if and where the Share Offer is made.

Dealing and interests in EE's securities

Save for the on-market purchase made by the Offeror (details of which are set out below), none of the Offeror and parties acting in concert with it has dealt in any EE Shares, options, derivatives, warrants or other relevant securities convertible (as defined in Note 4 to Rule 22 of the Takeovers Code) into EE Shares during the six-month period prior to the date of this joint announcement.

Set out below are the purchases of EE Shares (all of which were on-market) made by the Offeror and parties acting in concert with it within the six months prior to the date of this joint announcement.

Date of transaction made	Relevant party	Price per EE Share paid <i>HK\$</i>	Total number of EE Shares purchased	Approximate percentage of the total EE Shares in issue %	Total consideration paid <i>HK\$</i>
4 September 2020	the Offeror	0.25	19,800,000	2.13	4,950,000

Confirmations made by the Offeror and parties acting in concert with it

At the date of this joint announcement:

- (i) the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or reject the Share Offer;
- (ii) save for the Goodco Convertible Notes, the Offeror and parties acting in concert with it do not hold any convertible securities, warrants or options or securities exchangeable into EE Shares;
- (iii) the Offeror and parties acting in concert with it have not entered into any outstanding derivatives in the securities of EE;
- (iv) save for the Pre-Condition and Conditions as mentioned in the paragraphs headed “The Pre-Condition” and “Conditions of the Share Offer” in this joint announcement, the Share Offer will not be subject to any conditions;
- (v) save for the EE Share pledge arrangement as mentioned in the paragraph headed “Confirmation of financial resources available for the Share Offer” in this joint announcement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror, Easyknit Shares or EE Shares and which might be material to the Share Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vi) there are no agreements or arrangements to which the Offeror or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke the Pre-Condition or a Condition to the Share Offer;
- (vii) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of EE;
- (viii) save for the consideration in respect of acceptance of the Share Offer (i.e. HK\$0.50 per EE Share), there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the EE Shareholders in respect of the Share Offer; and
- (ix) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) in respect of the Share Offer between (1) any EE Shareholder; and (2)(a) the Offeror and any party acting in concert with it; or (b) EE, its subsidiaries or associated companies.

COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF EE

The Offeror does not intend to avail itself of any powers of compulsory acquisition in respect of EE under the provisions of the laws of Bermuda. The Offeror intends the EE Shares to remain listed on the Stock Exchange after the close of the Share Offer. According to the Listing Rules, if, at the close of the Share Offer, less than 25% of the issued EE Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the EE Shares or (ii) there are insufficient EE Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the EE Shares.

Easyknit intends that EE will remain listed on the Stock Exchange. The EE Directors will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares in the event that the Offeror and parties acting in concert with it acquire more than 75% of the issued EE Shares.

Upon completion of the Share Offer, there may be insufficient public float for the EE Shares, and trading in the EE Shares may be suspended until the prescribed level of public float is attained.

POSSIBLE VERY SUBSTANTIAL ACQUISITION FOR EASYKNIT

As one or more of the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the Share Offer exceeds 100%, the implementation of the Share Offer will constitute a very substantial acquisition for Easyknit under Chapter 14 of the Listing Rules and is therefore subject to the requirements of notification, announcement, reporting and approval from the Easyknit Shareholders.

The Easyknit SGM will be convened to consider and, if thought fit, approve the Share Offer as a very substantial acquisition of Easyknit.

Ms. Lui Yuk Chu, as an executive director of both Easyknit and EE, chose to abstain from voting on the relevant board resolution relating to the Share Offer at the board meetings of Easyknit and EE. None of the Easyknit Directors is a shareholder of EE.

As none of the Easyknit Shareholders or their associates have any interests in the Share Offer, no Easyknit Shareholder will be required to abstain from voting on the resolution relating to the Share Offer at the Easyknit SGM.

A circular containing, among other things, (i) brief information about the Share Offer; (ii) financial information on the Easyknit Group; (iii) financial information on the EE Group; and (iv) a notice of the Easyknit SGM is expected to be despatched to the Easyknit Shareholders on or before 1 March 2021.

Basis of the Share Offer Price

The Share Offer Price was determined on a commercial basis after taking into account, among other things, (i) the historical market prices of the EE Shares traded on the Stock Exchange; (ii) the unaudited net assets of the EE Group attributable to the EE Shareholders as at 30 September 2020; and (iii) the historical financial performance of the EE Group.

Reasons for and benefits of the Share Offer for Easyknit

As further elaborated below, the Easyknit Group considers EE to be an attractive acquisition opportunity. Easyknit (i) is prudently optimistic about the long-term prospects of the Hong Kong property market; and (ii) considers the EE Shares is undervalued as the EE Share price dropped from its recent-high in 2019 at the highest closing price of HK\$1.74. Between 12 February 2020 to 2 March 2020, Easyknit, through the Offeror, on-market acquired a total of 71,055,000 EE Shares, representing approximately 7.63% of the then total issued share capital of EE. On 4 September 2020, the Easyknit Group acquired additional EE Shares through on-market purchases of a total of 19,800,000 EE Shares. As a result, the Easyknit Group's ownership of voting rights in EE is approximately 29.60% as at the date of this joint announcement.

Set out below are observations of Easyknit in relation to EE's investment fundamentals.

(i) Prudently optimistic about the prospect of the property market

EE's major business segments include property development and property investment. For the past few years, Hong Kong's property market, and hence EE's business performance, have been adversely affected by the macro environment including (i) the Sino-U.S. trade dispute; (ii) the social unrest in Hong Kong; and (iii) the global outbreak of COVID-19.

Easyknit expects that the impact from the Sino-U.S. trade dispute will continue to linger and the economic outlook of Hong Kong will remain uncertain until the COVID-19 pandemic subsides. As the work-from-home model has become prevalent during the COVID-19 pandemic, this working mode may become permanent or widespread for certain sectors, implying a potential lower demand for office space in the future. Further, as tourist shopping expenditure contributes significantly to the total retail sector in Hong Kong, the compulsory quarantine arrangements will continue to deter travelers from visiting Hong Kong, putting downward pressure on the retail sector and in turn the demand for shops/commercial spaces, adversely affecting rental payments to landlords.

Despite the uncertainties on the economic outlook caused by the softening global economic growth and the outbreak of COVID-19, Easyknit remains prudently optimistic about the long-term prospects of the Hong Kong property market and believes the market will continue to grow over the longer term considering the macroeconomic fundamentals set out below:

- (i) the growth prospects of Hong Kong's economy as part of the Guangdong-Hong Kong-Macau Greater Bay Area and hence the demand of its properties;
- (ii) increasing fundamental demand for properties due to the rising number of domestic households;
- (iii) limited land supply in Hong Kong, in particular the limited short-term supply due to delays in government approvals;
- (iv) loose monetary policy resulting in lower interest rates, which support mortgage's affordability and hence the demand for properties; and
- (v) favourable government policies including (a) the pilot scheme for the redevelopment of industrial buildings; and (b) the abolishment of the double ad valorem stamp duty for non-residential property transactions.

(ii) Undervaluation of the EE Shares

Set out below is a table illustrating the historical average market capitalisation of EE against the EE Group's published net asset value attributable to equity holders during the relevant periods:

	Net asset value attributable to equity holders⁽ⁱ⁾	Average market capitalisation of EE⁽ⁱⁱ⁾	Approximate discount to net asset value attributable to equity holders⁽ⁱⁱⁱ⁾
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>%</i>
As at 31 March 2018	2,715,288	223,272	91.8
As at 30 September 2018	2,631,487	218,418	91.7
As at 31 March 2019	2,734,170	132,554	95.2
As at 30 September 2019	2,788,849	369,338	86.8
As at 31 March 2020	2,941,869	312,623	89.4
As at 30 September 2020	2,904,042	358,429 ^(iv)	87.7 ^(iv)

(up to 3 February 2021)

Source: The Stock Exchange (www.hkex.com.hk)

Notes:

- (i) *The audited and unaudited consolidated net asset value attributable to equity holders as at the respective year/period end date were extracted from the respective annual/interim reports published by EE.*
- (ii) *Represents the average market capitalisation of EE during the period from the trading day following the publication by EE of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.*
- (iii) *Represents the discount of the average market capitalisation to the net asset value attributable to equity holders as at the respective year/period end date.*
- (iv) *Represents the average market capitalisation during the period from 23 November 2020, being the trading day following the publication by EE of its unaudited 2020 interim results, to the Last Trading Day.*

While the market capitalisation of EE fluctuates, overall, it has declined from its last high in 2019 but Easyknit has observed that the business fundamentals of EE have not materially and adversely changed. Instead, the net asset value attributable to equity holders as at 30 September 2020 improved compared to that recorded as at 31 March 2018 as shown in the above table, mainly due to rise in the book-value of the properties (being the property development projects or the investment properties) which are indicators of a property company's future earnings potential.

Easyknit noted that the EE Shares have consistently traded at substantial discounts to the net asset value attributable to equity holders for the past three financial years. Easyknit also noted that the current discount of the EE share price to its net asset value is much deeper than that of most of the market peers of EE.

In light of the above, Easyknit considers EE to be an attractive acquisition opportunity and considers it to be an opportune time to acquire control of EE.

In addition, the Easyknit Directors consider the Share Offer to be an effective channel for Easyknit to expand into the non-residential property development sector. The Easyknit Directors expect such expansion to create synergy values by achieving greater business coherence and enhancing resources allocation.

Accordingly, the Easyknit Directors are of the view that the terms of the Share Offer are fair and reasonable and the possible very substantial acquisition is in the interests of Easyknit and the Easyknit Shareholders as a whole.

Financial effects of the Share Offer on Easyknit

Upon the closing of the Share Offer, if the Share Offer becomes unconditional, EE will be a non wholly-owned subsidiary of the Offeror and the financial results of the EE Group will be consolidated into the financial statements of the Easyknit Group.

INTENTIONS OF EASYKNIT REGARDING THE EE GROUP

Easyknit does not intend to dispose of or redeploy the assets of the EE Group other than in the ordinary course of business and has no intention to change the existing management of the EE Group.

INFORMATION OF THE EASYKNIT GROUP

The Easyknit Group is principally engaged in property development, property investment, securities investment and loan financing businesses. One of the core businesses of the Easyknit Group is property development. The Easyknit Group has extensive experience in property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Another core business of the Easyknit Group is property investment. The Easyknit Group's investment properties comprise residential, commercial and industrial properties in Hong Kong.

The Offeror is a company incorporated in the British Virgin Islands with limited liability and is directly wholly-owned by Easyknit.

INFORMATION OF EE

EE was incorporated in Bermuda on 14 June 1991 and has been listed on the Stock Exchange since 1991. The EE Group is principally engaged in property development, property investment, securities investment and loan financing businesses.

Financial information of the EE Group

The information set out below is extracted from the annual reports of EE for the three years ended 31 March 2020 and the interim report of EE for the six months ended 30 September 2020 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended 31 March			For the six months ended 30 September	
	2018	2019	2020	2019	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	49,605	62,228	80,682	39,950	41,357
Profits/(loss) before tax	54,608	50,910	(209,657)	(12,503)	(66,091)
Profit/(loss) after tax	53,539	50,510	(206,192)	(12,369)	(64,552)

	As at 31 March			As at 30 September
	2018	2019	2020	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)	(Audited)	(Audited)	(Unaudited)
Total assets	4,011,917	4,034,545	4,602,993	4,679,276
Total liabilities	(1,296,629)	(1,300,375)	(1,661,124)	(1,775,234)
Net assets	2,715,288	2,734,170	2,941,869	2,904,042

Further information relating to the Easyknit Group and the EE Group will be included in the circular of Easyknit to be despatched to the Easyknit Shareholders and the Composite Document to be despatched to the EE Shareholders.

SHAREHOLDING STRUCTURE OF EE

As at the date of this joint announcement, there are 931,458,010 EE Shares in issue. In addition, the Goodco Convertible Notes are outstanding and convertible into EE Shares. The following is the shareholding structure of EE as at the date of this joint announcement (based on relevant filings under Part XV of the SFO — Disclosure of Interests).

Name of EE Shareholder	Number of EE Shares	Approximate percentage of issued EE Shares %
<i>The Offeror and parties acting in concert with it</i>		
The Offeror ⁽ⁱ⁾	90,855,000	9.76
Landmark Profits ⁽ⁱ⁾	23,387,370	2.51
Goodco ^{(i) (ii)}	161,445,295	17.33
<i>Sub-total</i>	<i>275,687,665⁽ⁱ⁾</i>	<i>29.60</i>
<i>Public EE Shareholders</i>		
Hu Rong	47,030,000	5.05
Other public EE Shareholders	608,740,345	65.35
<i>Sub-total</i>	<i>655,770,345</i>	<i>70.40</i>
Total	931,458,010	100.00

Notes:

- (i) *Of the 275,687,665 EE Shares held by the Offeror and parties acting in concert with it, 90,855,000 EE Shares, 23,387,370 EE Shares and 161,445,295 EE Shares are registered in the name of and beneficially owned by the Offeror, Landmark Profits and Goodco respectively, all of which are wholly-owned subsidiaries of Easyknit.*
- (ii) *Goodco also has an interest in, for SFO purpose, 389,120,000 underlying EE Shares which comprise of (i) 64,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 11 May 2017; (ii) 45,120,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 26 September 2017; and (iii) 280,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 28 August 2019.*

ESTABLISHMENT OF THE EE IBC AND APPOINTMENT OF THE EE IFA

EE has established the EE IBC, comprising all independent non-executive directors of EE, being Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, to advise the Independent EE Shareholders in respect of the terms of the Share Offer and as to acceptance of the Share Offer.

The EE IFA will be appointed by EE with the approval by the EE IBC to advise the EE IBC in respect of the Share Offer. A further announcement will be made as soon as possible after the EE IFA has been appointed.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Share Offer and EE is required to send to the EE Shareholders within 14 days of the posting of the offer document a response circular containing, among other things, letter from the EE IFA, financial information of EE and other information required under the Takeovers Code. It is the intention of the Offeror and EE that the offer document and the offeree board circular in respect of the Share Offer be combined in the Composite Document which is required to be despatched within 21 days after the date of this joint announcement under Rule 8.2 of the Takeovers Code. As the making of the Share Offer is conditional upon the satisfaction of the Pre-Condition, an application has been made to the Executive to extend the deadline for the despatch of the Composite Document, to a date within seven days after the satisfaction of the Pre-Condition or such later date as the Executive may approve. Further announcements will be made in respect of the despatch, or delay in despatch, of the Composite Document as and when necessary.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Offeror and EE (including but not limited to a person who owns or controls 5% or more of any class of relevant securities of the Offeror and/or EE or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Offeror and/or EE) are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of EE. Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING OF THE RISKS OF DEALING IN EE SHARES

The Pre-Condition must be satisfied before the making of the Share Offer. The making of the Share Offer is therefore a possibility only.

If made, the Share Offer may or may not become unconditional, subject to the satisfaction or waiver (where applicable) of the Conditions, and will lapse if it does not become unconditional. Accordingly, Easyknit Shareholders, EE Shareholders and prospective investors are advised to exercise caution when dealings in the securities of Easyknit or EE. Persons who are in doubt as to the action they should take should consult their professional advisers.

EE Shareholders are reminded to read the recommendations of the EE IBC and the advice of the EE IFA in respect of the Share Offer which will be included in the Composite Document.

TRADING SUSPENSIONS AND RESUMPTION OF TRADING

At the request of Easyknit, trading in Easyknit Shares on the Stock Exchange was suspended at 9:00 a.m. on 4 February 2021 pending the release of this announcement. Application has been made by Easyknit to the Stock Exchange for resumption of trading in Easyknit Shares on the Stock Exchange with effect from 9:00 a.m. on 16 February 2021.

At the request of EE, trading in EE Shares on the Stock Exchange was suspended at 9:00 a.m. on 4 February 2021 pending the release of this announcement. Application has been made by EE to the Stock Exchange for resumption of trading in EE Shares on the Stock Exchange with effect from 9:00 a.m. on 16 February 2021.

DEFINITIONS

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

“acting in concert”	the meaning ascribed thereto under the Takeovers Code
“Altus Capital”	Altus Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the financial adviser to Easyknit in relation to the Share Offer
“Altus Investments”	Altus Investments Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, making the Share Offer on behalf of the Offeror
“associates”	the meaning ascribed thereto under the Takeovers Code
“BVI”	the British Virgin Islands
“Closing Date”	the 14 th day after the date on which the Share Offer is declared unconditional in all respects (or such other day as announced by the Offeror with the consent of the Executive)
“Composite Document”	the composite offer and response document expected to be jointly issued by Easyknit and EE in connection with the Share Offer in accordance with the Takeovers Code
“Conditions”	the conditions to the Share Offer described in the paragraph headed “Conditions of the Share Offer” in this joint announcement
“Conditions Long Stop Date”	means the date which is 60 calendar days after the posting of the Composite Document, unless the date has been extended by the Offeror with the consent of Easyknit and the Executive

“connected persons”	the meaning ascribed thereto under the Listing Rules
“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 Directors”	the directors of Easyknit
“Easyknit Group”	Easyknit and its subsidiaries
“Easyknit SGM”	the special general meeting of Easyknit to be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the making of the Share Offer
“Easyknit Shares”	ordinary shares of HK\$0.10 each in the share capital of Easyknit
“Easyknit Shareholders”	holders of Easyknit Shares
“EE”	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)
“EE Board”	the board of directors of EE
“EE Directors”	the directors of EE
“EE Group”	EE and its subsidiaries
“EE IBC”	an independent committee of the EE Board comprising all independent non-executive EE Directors, established for the purpose of advising the Independent EE Shareholders on the Share Offer

“EE IFA”	an independent financial adviser to be appointed by EE to advise the EE IBC and the Independent EE Shareholders in relation to the Share Offer
“EE Shares”	ordinary shares of HK\$0.20 each in the share capital of EE
“EE Shareholders”	holders of EE Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit
“Goodco Convertible Notes”	the 4% coupon convertible notes issued by EE with an outstanding aggregate principal amount of HK\$97,280,000 at the conversion price of HK\$0.25 (subject to adjustment) all due on 28 August 2024 held by Goodco
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent EE Shareholders”	EE Shareholders, other than the Offeror and parties acting in concert with it
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit
“Last Trading Date”	3 February 2021, being the last trading day of the Easyknit Shares and the EE Shares on the Stock Exchange prior to the issuance of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Period”	the meaning ascribed thereto under the Takeovers Code

“Offer Unconditional Date”	the date on which the Share Offer becomes or is declared unconditional in all respects
“Offeror”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Easyknit
“Overseas EE Shareholder(s)”	EE Shareholders whose names appear on the register of members of EE during the acceptance period under the Share Offer and whose addresses as shown on such register are outside Hong Kong
“Pre-Condition”	the pre-condition of the Share Offer described in the paragraph headed “The Pre-Condition” in this joint announcement
“Pre-Condition Long Stop Date”	15 April 2021, being the long stop date for the satisfaction of the Pre-Condition in respect of the Share Offer or such other date as the Offeror may determine with the consent of the Executive
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the pre-conditional voluntary cash general offer that may be made by Altus Investments for and on behalf of the Offeror to acquire all of the issued EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms and conditions set out in the Composite Document and in compliance with the Takeovers Code
“Share Offer Price”	the offer price per EE Share under the Share Offer (i.e. HK\$0.50 per EE Share)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Easyknit International Holdings Limited
Koon Ho Yan Candy
President and Chief Executive Officer

By order of the board of
Eminence Enterprise Limited
Lai Law Kau
Chairman and Chief Executive Officer

Hong Kong, 11 February 2021

As at the date hereof, the board of Easyknit 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 board of the Offeror comprises Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky as directors.

The directors of the Offeror and Easyknit jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the EE Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the EE Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

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

The EE Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror and the Easyknit Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.