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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)**

**DISCLOSEABLE TRANSACTION**

**MAJOR TRANSACTION**

### **DEED OF SETTLEMENT IN RELATION TO DEBT OWED TO SUBSIDIARY OF EMINENCE ENTERPRISE LIMITED**

#### **THE DEED OF SETTLEMENT**

The Easyknit Board and the Eminence Board respectively announce that on 4 March 2022, City China and Shui Kam entered into the Deed of Settlement, pursuant to which amongst other things:

- (A) City China will release Shui Kam from liability under the Loan Agreements and,
- (B) in return, Shui Kam will transfer the Property to Lion Capital; and
- (C) City China will assign to Shui Kam the Assigned Debts.

## **LISTING RULES IMPLICATIONS**

Eminence is a non-wholly owned subsidiary of Easyknit. As City China and Lion Capital are indirect wholly-owned subsidiaries of Eminence, City China and Lion Capital are in turn also indirect non-wholly owned subsidiaries of Easyknit.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for Easyknit in respect of the Deed of Settlement exceed(s) 5% but is/are less than 25% pursuant to Rule 14.07 of the Listing Rules, the Deed of Settlement constitutes a discloseable transaction for Easyknit under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for Eminence in respect of the Deed of Settlement exceed(s) 25% but is/are less than 100% pursuant to Rule 14.07 of the Listing Rules, the Deed of Settlement constitutes a major transaction for Eminence under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement and the Eminence Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of Eminence, a written approval of the Deed of Settlement has been obtained from Ace Winner, a substantial Eminence Shareholder holding 484,538,175 Eminence Shares, representing approximately 52.01% of the issued Eminence Shares as at the date of this joint announcement.

## **GENERAL**

A circular containing, among other things, further details of the Deed of Settlement will be despatched to the Eminence Shareholders on or before 25 March 2022.

City China and Shui Kam entered into two (2) loan agreements dated 13 November 2017 and 16 October 2018 respectively (as varied or supplemented by supplemental agreements dated 8 November 2019 and 2 November 2020 respectively) under which Shui Kam is indebted to City China for HK\$9,120,000.00 (including principal and outstanding interest) as at the date of this joint announcement. Shui Kam is in default of its obligations under those Loan Agreements. The parties have now agreed a settlement.

## **THE DEED OF SETTLEMENT**

On 4 March 2022, City China and Shui Kam entered into the Deed of Settlement, pursuant to which amongst other things:

- (a) City China will release Shui Kam from its obligations under the Loan Agreements and,
- (b) in return, Shui Kam (as beneficial owner of the Property) shall transfer the Property (with a valuation of HK\$40,000,000 as at 28 February 2022) to Lion Capital (a subsidiary of Easyknit and Eminence), who is the nominee of City China, by the Property Assignment pursuant to which Shui Kam (as assignor) will transfer the Property to Lion Capital (as assignee); and
- (c) City China will assign to Shui Kam the Assigned Debts.

The Deed of Settlement is conditional upon:

- (i) the approval by the Eminence Shareholders in compliance with the Listing Rules; and
- (ii) City China being satisfied that Shui Kam has good marketable title to the Property.

In the event that the conditions have not been satisfied in whole or waived by City China before 31 May 2022 or any extension thereof as may be agreed by the parties, all liabilities of the parties to the Deed of Settlement shall cease and determine and neither party shall have any claim against the other thereunder. Condition (i) has been satisfied.

Completion is expected to take place before 31 May 2022.

## **THE PROPERTY**

The Property is situated along an access road which branches off Tin Ha Road in Yuen Long, New Territories, Hong Kong with a site area of 27,879 square feet.

Based on the preliminary valuation by Vigers, a property valuer and an Independent Third Party, the value of the Property as at 28 February 2022 was HK\$40,000,000.

## **ASSIGNED DEBTS**

The Assigned Debts are outstanding under the following arrangements with City China:

- (i) Borrower 1 entered into two (2) loan agreements dated 3 February 2016 (as varied or supplemented by the supplemental agreements dated 2 February 2018, 12 February 2019, 3 February 2020 and 26 March 2021 respectively), and 14 March 2017 (as varied or supplemented by the supplemental agreements dated 14 December 2017, 14 December 2018, 13 December 2019 and 7 December 2020 respectively) respectively. Borrower 1 is indebted for HK\$12,117,997.00 (including principal and outstanding interest) as at the date of this joint announcement;
- (ii) Borrower 2 entered into two (2) loan agreements dated 6 December 2017 (as varied or supplemented by the supplemental agreements dated 6 March 2018, 6 March 2019, 4 March 2020 and 26 March 2021 respectively), and 27 May 2019 (as varied or supplemented by the supplemental agreements dated 30 August 2019, 25 February 2020 and 26 March 2021 respectively) respectively. Borrower 2 is indebted for HK\$8,627,001.00 (including principal and outstanding interest) as at the date of this joint announcement; and
- (iii) Borrower 3 entered into a loan agreement dated 13 August 2018 (as varied or supplemented by a supplemental agreement dated 22 August 2020). Borrower 3 is indebted for HK\$9,969,294.14 (including principal and outstanding interest) as at the date of this joint announcement.

As at the date of this joint announcement, the total outstanding principal and interest under the Assigned Debts amount to HK\$30,714,292.14.

## **REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT**

The Easyknit Board and the Eminence Board consider that by entering into the Deed of Settlement, the Group will cease to be exposed to the credit risk under the Loan Agreements and the Assigned Debts, and diversify its property portfolio. Having considered the terms and conditions of the Deed of Settlement, the Easyknit Directors and the Eminence Directors respectively are of the view that the Deed of Settlement is on normal commercial terms and is fair and reasonable and in the interests of Easyknit and Eminence and their respective shareholders as a whole.

## **INFORMATION ON CITY CHINA, LION CAPITAL, THE EASYKNIT GROUP AND THE EMINENCE GROUP**

City China, an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit, is a company incorporated in Hong Kong with limited liability and a money lender holding a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The principal activity of City China is money-lending and the granting of loans is in the ordinary and usual course of business of the Group.

Lion Capital, an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit, is a company incorporated in Hong Kong with limited liability. The principal activity of Lion Capital is investment holding.

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, securities investment 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 74.76% by Easyknit, and thus is a non-wholly owned subsidiary of Easyknit. The Eminence Group is principally engaged in property development, property investment, securities investment and loan financing businesses.

## **INFORMATION ON SHUI KAM, BORROWER 1, BORROWER 2 AND BORROWER 3**

Borrower 1, Borrower 2 and Borrower 3 are individuals.

The Easyknit Directors and the Eminence Directors understand that Shui Kam is a company incorporated in Hong Kong with limited liability, and is principally engaged in investment holding. Eminence and Easyknit understand that the ultimate beneficial owners of Shui Kam are individuals, Li Leung Wai Sandy (李葭瑋) and Borrower 1.

To the best knowledge, information and belief of the Easyknit Directors and the Eminence Directors, having made all reasonable enquiries, each of Borrower 1, Borrower 2 and Borrower 3, and Shui Kam and its ultimate beneficial owners, are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

Eminence is a non-wholly owned subsidiary of Easyknit. As City China and Lion Capital are indirect wholly-owned subsidiaries of Eminence, City China and Lion Capital are in turn also indirect non-wholly owned subsidiaries of Easyknit.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for Easyknit in respect of the Deed of Settlement exceed(s) 5% but is/are less than 25% pursuant to Rule 14.07 of the Listing Rules, the Deed of Settlement constitutes a discloseable transaction for Easyknit under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for Eminence in respect of the Deed of Settlement exceed(s) 25% but is/are less than 100% pursuant to Rule 14.07 of the Listing Rules, the Deed of Settlement constitutes a major transaction for Eminence under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement and the shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of Eminence, a written approval of the Deed of Settlement has been obtained from Ace Winner, a substantial Eminence Shareholder holding 484,538,175 Eminence Shares, representing approximately 52.01% of the issued Eminence Shares as at the date of this joint announcement.

So far as Eminence is aware, having made all reasonable enquiries, no Eminence Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the Deed of Settlement if Eminence were to convene a general meeting for approving the Deed of Settlement.

## **GENERAL**

A circular containing, among other things, further details of the Deed of Settlement will be despatched to the Eminence Shareholders on or before 25 March 2022.

## DEFINITIONS

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

“Ace Winner”	Ace Winner Investment Limited (運榮投資有限公司), a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Easyknit and a substantial Eminence Shareholder
“Assignments of Debt”	three (3) assignments of debt to be entered into at Completion between City China (as assignor) and Shui Kam (as assignee) in relation to the assignment of the Assigned Debts
“Assigned Debts”	the outstanding debts owing by Borrower 1, Borrower 2 and Borrower 3 to be assigned by City China to Shui Kam at Completion, details of which are set out herein
“Borrower 1”	Lau Fung Ying (劉鳳英), an individual
“Borrower 2”	Li Ka Lun Gary (李嘉倫), an individual
“Borrower 3”	Li Siu Por (李小波), an individual
“City China”	City China International Limited (城中國際有限公司), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of Eminence, an indirect non-wholly owned subsidiary of Easyknit, and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Completion”	completion of the Deed of Settlement
“Deed of Settlement”	a deed of settlement dated 4 March 2022 entered into between Shui Kam and City China in relation to the settlement of the outstanding loans under the Loan Agreements
“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
“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 74.76%-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 Share(s)”	ordinary share(s) of par value of HK\$0.20 each in the share capital of Eminence
“Eminence Shareholder(s)”	holder(s) of the Eminence Share(s)
“Group”	collectively, the Easyknit Group and the Eminence Group
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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/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)
“Lion Capital”	Lion Capital Investment (HK) Limited (獅皇投資(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of Easyknit
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreements”	two (2) loan agreements dated 13 November 2017 and 16 October 2018 respectively (as varied or supplemented by supplemental agreements dated 8 November 2019 and 2 November 2020 respectively) between City China as lender and Shui Kam as borrower



“Main Board”	the main board maintained and operated by the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	the property situated at Lots Nos. 1278, 1279 and 1280 all in D.D. No. 124 Yuen Long, New Territories, Hong Kong with a site area of 27,879 square feet
“Property Assignment”	a property assignment to be entered into at Completion between Shui Kam and Lion Capital (a nominee of City China) in relation to the transfer of the Property
“Shui Kam”	Shui Kam Enterprises Limited (瑞錦企業有限公司), a company incorporated in Hong Kong with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	the meaning defined in the Listing Rules
“Vigers”	Vigers Appraisal and Consulting Limited (威格斯資產評估顧問有限公司), a property valuer and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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, 4 March 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.*

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