
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Easyknit International Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

**EASYKNIT INTERNATIONAL HOLDINGS LIMITED****永義國際集團有限公司***(Incorporated in Bermuda with limited liability)***(Stock Code: 1218)****MAJOR TRANSACTION
DEEMED DISPOSAL**

Capitalised terms used in this cover page have the same respective meaning as defined in this circular.

A letter from the Board is set out on pages 6 to 26 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon on Monday, 17 July 2023 at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not the Shareholders intend to attend and vote at the SGM, Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the form of proxy shall be deemed to be revoked.

27 June 2023

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	6
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	27
APPENDIX II — GENERAL INFORMATION	30
NOTICE OF THE SGM	SGM-1

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“2023 Convertible Note”	the 5% per annum coupon rate convertible note in a principal amount of HK\$209,000,000 issued by Eminence to Goodco Development Limited (a wholly-owned subsidiary of the Company) on 20 February 2023 (as amended from time to time) at an initial conversion price of HK\$0.106 per conversion share (subject to adjustments) due on 19 February 2028 pursuant to the terms and conditions of the 2023 Convertible Note
“Announcements”	the announcement of the Company dated 30 May 2023 and the clarification announcement of the company dated 14 June 2023 regarding the Deemed Disposal
“Board”	the board of directors of the Company
“Business Day”	means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Hong Kong
“Company”	Easyknit International Holdings Limited, 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)
“Completion”	completion of the Eminence Placing in accordance with the terms and conditions of the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deemed Disposal”	deemed disposal of the shareholding interest of the Company in Eminence as a result of the dilution of shareholding interest of the Company in Eminence upon the allotment and issue of the Placing Shares
“Director(s)”	the director(s) of the Company

DEFINITIONS

“Eminence”	Eminence Enterprise Limited, 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 51.61%-owned subsidiary of the Company
“Eminence Announcements”	collectively, the announcements of Eminence both dated 29 May 2023 in relation to, among other things, (i) the Eminence Capital Reorganisation and Change in Board Lot Size; and (ii) the placing of new Eminence Shares under Eminence Specific Mandate
“Eminence Board”	the board of directors of Eminence
“Eminence Capital Reorganisation”	collectively, (i) the proposed consolidation of every forty (40) issued and unissued existing Eminence Shares into one (1) consolidated Eminence Share; (ii) the proposed reduction in the issued share capital of Eminence will involve a reduction of the par value of each issued consolidated Eminence Share from HK\$0.40 to HK\$0.01; and (iii) the proposed subdivision of each authorised but unissued consolidated Eminence Share into forty (40) authorised and unissued new Eminence Shares, details of which were disclosed in the Eminence’s announcement and circular dated 29 May 2023 and 23 June 2023, respectively
“Eminence Director(s)”	the director(s) of Eminence
“Eminence Group”	Eminence and its subsidiaries
“Eminence Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement, details of which were disclosed in the Eminence’ announcement and circular dated 29 May 2023 and 23 June 2023, respectively

DEFINITIONS

“Eminence Previous Placing”	the offer by way of private placing of the placing shares by or on behalf the Placing Agent to the placees, on a best effort basis, on the terms and subject to the conditions set out in the placing agreement dated 27 July 2022, details of which were disclosed in the Eminence’s announcement dated 27 July 2022 and circular dated 23 August 2022, respectively
“Eminence SGM”	the special general meeting of Eminence to be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Eminence Capital Reorganisation, the Placing Agreement and transactions contemplated thereunder, including the grant of the Eminence Specific Mandate to allot and issue the Placing Shares
“Eminence Share(s)”	the existing of ordinary share(s) of HK\$0.01 each in the share capital of Eminence or the consolidated Eminence Share(s) or the new Eminence Share(s) or the Placing Share(s) (as the case may be)
“Eminence Shareholder(s)”	holder(s) of the Eminence Share(s)
“Eminence Specific Mandate”	the specific mandate to be granted by Eminence Shareholders to the Eminence Board at the Eminence SGM for the allotment and issue of a maximum of up to 50,000,000 Placing Shares pursuant to the Placing Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)

DEFINITIONS

“Latest Practicable Date”	23 June 2023, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the thirtieth (30th) day after the date of the Eminence SGM (which is expected to be Wednesday, 16 August 2023 in accordance to the expected timetable mentioned in the Eminence Announcements) or such later date to be agreed between Eminence and the Placing Agent in writing, being the date on which all the conditions precedent of the Placing Agreement have been satisfied or waived
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of Eminence (and the Eminence Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any person(s), other Placee(s) or the Eminence Shareholder(s) to the effect that any Eminence Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing Agent”	Kingston Securities Limited, the placing agent and a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 29 May 2023 entered into between Eminence and the Placing Agent in relation to the Eminence Placing under the Eminence Specific Mandate

DEFINITIONS

“Placing Price”	HK\$0.50 per Placing Share (assuming the Eminence Capital Reorganisation has become effective)
“Placing Share(s)”	a maximum of up to 50,000,000 new Eminence Shares (assuming the Eminence Capital Reorganisation has become effective) to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Placing Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Directors:

Ms. KOON Ho Yan Candy

(President and Chief Executive Director)

Ms. LUI Yuk Chu *(Vice President)*

Independent Non-executive Directors:

Mr. TSUI Chun Kong

Mr. JONG Koon Sang

Mr. LAU Chak Hang Charles

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481–483 Castle Peak Road

Cheung Sha Wan, Kowloon

Hong Kong

27 June 2023

To the Shareholders,

Dear Sir or Madam,

MAJOR TRANSACTION DEEMED DISPOSAL

INTRODUCTION

Reference is made to the Announcements in relation to the Deemed Disposal.

On 29 May 2023, after trading hours, Eminence entered into the Placing Agreement with the Placing Agent pursuant to which, Eminence has conditionally agreed to issue under the Eminence Specific Mandate, and the Placing Agent has conditionally agreed to procure not fewer than six (6) Places, on a best effort basis to subscribe for a maximum of up to 50,000,000 new Eminence

LETTER FROM THE BOARD

Shares at the Placing Price of HK\$0.50 per Placing Share (assuming the Eminence Capital Reorganisation has become effective), subject to the terms and conditions of the Placing Agreement.

Assuming all the 50,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of the Company in Eminence will be diluted from approximately 51.61% to 26.59% (assuming the Eminence Capital Reorganisation has become effective and there will be no other change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares), representing a decrease of approximately 25.02%.

The Company indicated in its announcement of 30 May 2023 that after the Eminence placing Eminence would no longer be accounted for as a subsidiary and consolidated in the Company's consolidated accounts. The Directors have now considered in more details all relevant facts and circumstances and now intend that following the Completion, the financial results and financial positions of Eminence will continue to be consolidated in the consolidated financial statements of the Group.

The purpose of this circular is to provide you with, among other things, further information on the Deemed Disposal and other information required under the Listing Rules.

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are set out below:

Date

29 May 2023 (after trading hours)

Issuer

Eminence

Placing Agent

Kingston Securities Limited

To the best of the knowledge, information and belief of Eminence Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners

LETTER FROM THE BOARD

were not interested in any other securities of the Company and Eminence. The Placing Agent will be entitled to receive a placing commission of 1% of the Placing Price in respect of such number of the Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Eminence Placing. The 1% placing commission was determined after arm's length negotiation between Eminence and the Placing Agent on normal commercial terms and with reference to, amongst other things, the prevailing commission rates charged by other placing agents, the Eminence Placing size and price performance of the Eminence Shares. The Eminence Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on the current market conditions.

Placees

The Placing Agent has conditionally agreed to place, on a best effort basis, the Placing Shares to not fewer than six (6) Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement. Each of the Placees and (where applicable) their respective ultimate beneficial owner(s) shall be third parties independent of and not connected with each of Eminence, the Company and/or their respective connected person(s), and that each of the Placees is not acting in concert (as defined under the Takeovers Code) with the Company, Eminence and/or any of their respective connected person(s) in relation to the control of Eminence. It is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of Eminence immediately upon completion of the Eminence Placing.

Number of the Placing Shares

Assuming the Eminence Capital Reorganisation has become effective and there will be no change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, the maximum number of 50,000,000 Placing Shares under the Eminence Placing represents (i) approximately 94.08% of the issued share capital of Eminence as at the effective date of the Eminence Capital Reorganisation; and (ii) approximately 48.47% of the issued share capital of Eminence as enlarged by the allotment and issue of the Placing Shares after taking into account the effect of the Eminence Capital Reorganisation (assuming only the Eminence Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Eminence Placing will be HK\$500,000 after taking into account the effect of the Eminence Capital Reorganisation.

LETTER FROM THE BOARD

Placing Price

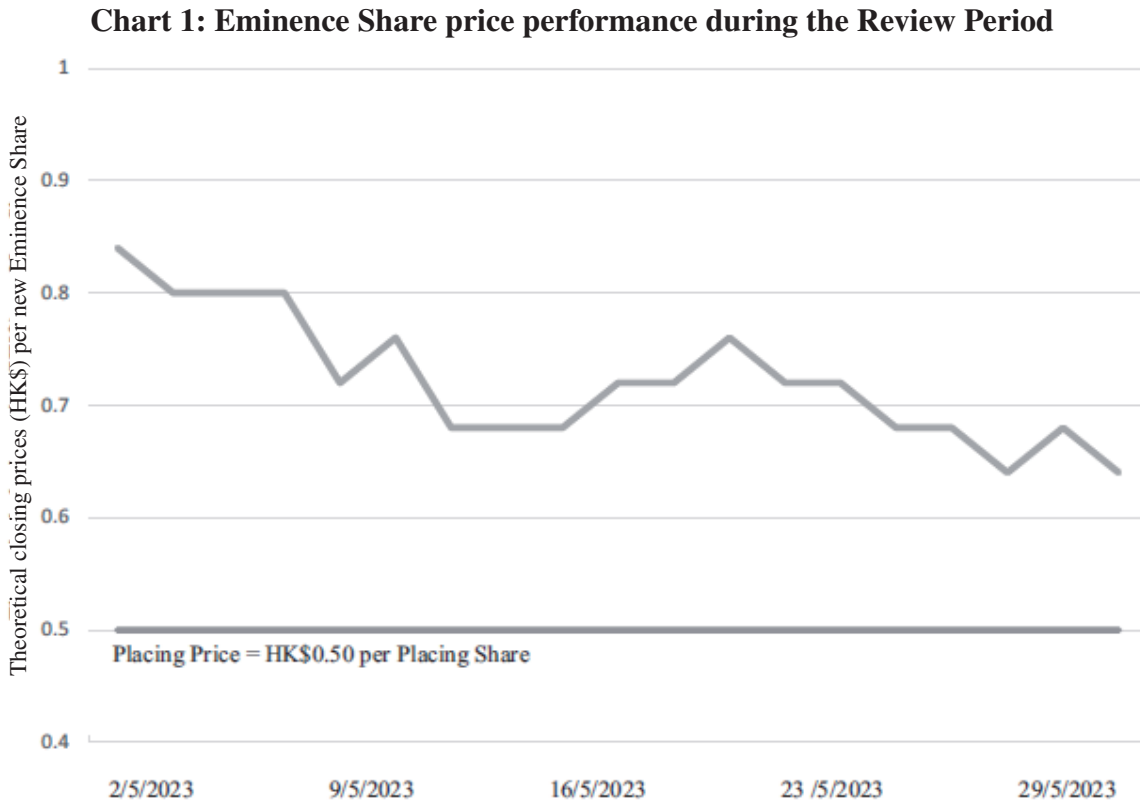
Assuming the Eminence Capital Reorganisation has become effective, the Placing Price of HK\$0.50 per Placing Share represents:

- (i) a discount of approximately 21.88% to the closing price of HK\$0.016 per existing Eminence Share (equivalent to the theoretical closing price of HK\$0.64 per new Eminence Share) as quoted on the Stock Exchange on 29 May 2023, being the date of the Placing Agreement;
- (ii) a discount of approximately 24.70% to the average closing price of approximately HK\$0.0166 per existing Eminence Share (equivalent to the average theoretical closing price of HK\$0.664 per new Eminence Share) as quoted on the Stock Exchange for the last five (5) consecutive trading days of the Eminence Shares up to and including the date of the Placing Agreement;
- (iii) a discount of approximately 28.16% to the average closing price of HK\$0.0174 per existing Eminence Share (equivalent to the average theoretical closing price of HK\$0.696 per new Eminence Share) as quoted on the Stock Exchange for the last ten (10) consecutive trading days of the Eminence Shares up to and including the date of the Placing Agreement; and
- (iv) a discount of approximately 10.71% to the closing price of HK\$0.014 per existing Eminence Share (equivalent to the theoretical closing price of HK\$0.56 per new Eminence Share) as quoted on the Stock Exchange on 20 June 2023 (being the date of latest practicable date prior to the printing of Eminence's circular dated 23 June 2023).

The Placing Price was arrived at after arm's length negotiations between Eminence and the Placing Agent. The Directors were not involved in the determination of the Placing Price and understand that the Placing Price was determined with reference to the prevailing market price and the recent trading performance of the existing Eminence Shares. In determining the Placing Price, the Eminence Directors have reviewed the closing prices of the existing Eminence Shares during the period from 2 May 2023 and up to and including 29 May 2023, being the date of the Placing Agreement (the "**Review Period**"), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the existing Eminence Shares. The Eminence Directors have

LETTER FROM THE BOARD

advised the Board that they consider that the Review Period could reflect the most recent trend of the prevailing market price of the existing Eminence Shares. The following chart depicts the trend of the closing prices of the existing Eminence Shares during the Review Period:



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

As shown in Chart 1 above, assuming the Eminence Capital Reorganisation has become effective, the theoretical closing prices of the new Eminence Shares fluctuated within the range from HK\$0.64 per new Eminence Share to HK\$0.84 per new Eminence Share. The average theoretical closing price of the new Eminence Share was approximately HK\$0.722 during the Review Period. The Placing Price of HK\$0.50 per Placing Share represents a discount of approximately 30.75% to the average closing price of the new Eminence Shares during the Review Period.

LETTER FROM THE BOARD

In addition, the Eminence Directors have also reviewed the trading liquidity of the existing Eminence Shares during the six (6)-month period from December 2022 (from 15 December 2022) to May 2023 (up to 29 May 2023) (the “**Period**”). The following table sets out the trading volume of the existing Eminence Shares during the Period:

Table 1: Trading volume of the existing Eminence Shares during the Period

Month/Period	Total trading volume <i>(Number of existing Eminence Shares)</i>	Number of trading days	Average daily trading volume <i>(Number of existing Eminence Shares) (approximately)</i>	Average daily trading volume as a percentage of the total number of issued existing Eminence Shares <i>(note) (approximately %)</i>
December 2022 (from 15 December 2022)	34,752,325	10	3,475,233	0.16
January 2023	23,847,590	18	1,324,866	0.06
February 2023	69,021,164	20	3,451,058	0.16
March 2023	166,286,753	23	7,229,859	0.34
April 2023	341,080,150	17	20,063,538	0.94
May 2023 (up to 29 May 2023)	874,740,599	19	46,038,979	2.17
The Period	1,509,728,581	107	14,109,613	0.66

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

Note: The calculation is based on the average daily trading volume of the existing Eminence Shares divided by the total number of issued existing Eminence Shares.

As illustrated in the Table 1 above, the average daily trading volume from December 2022 to April 2023 during the Period ranged from approximately 1,324,866 existing Eminence Share to approximately 20,063,538 existing Eminence Shares, representing approximately 0.06% to approximately 0.94% of the total number of issued existing Eminence Shares respectively, and the Period was approximately 14,109,613 existing Eminence Shares, representing approximately 0.66%

LETTER FROM THE BOARD

of the total number of issued existing Eminence Shares. The Eminence Directors noted that the average daily trading volume from December 2022 to April 2023 during the Period, and the Period of less than 1% of the total number of issued existing Eminence Shares was thin.

The Directors noted that the Placing Price of HK\$0.50 per Placing Share represents an approximately 99.2% discount to the net asset value per existing Eminence Share of approximately HK\$1.49 (equivalent to approximately HK\$59.6 per new Eminence Share) (as compared with the net asset value per existing Eminence Share of approximately HK\$1.99 as of the Eminence Previous Placing) on the basis of Eminence's total number of issued existing Eminence Shares of 2,125,924,676 existing Eminence Shares as at the Latest Practicable Date (equivalent to 53,148,116 new Eminence Shares, assuming the Eminence Capital Reorganisation has become effective) and net assets as at 30 September 2022 of approximately HK\$3,167.1 million. In the securities trading market, the trading price is derived from the supply and demand which reflects the fair value and acceptable trading price in the market. Given that the existing Eminence Shares in common with those of other listed companies trade at large discounts to net asset value, and traded at a deep discount of an average of approximately 99.2% to the net asset value per existing Eminence Share throughout the Period, and the market price of the existing Eminence Shares reflects the expectation of the investors about Eminence (such as its financial results and corporate actions) and the recent market sentiment, the Eminence Directors are of the view that it is reasonable to make references to the prevailing market price of the existing Eminence Shares, rather than the net asset value per existing Eminence Share in determining the Placing Price and that the discount of the Placing Price to the net asset value per existing Eminence Share which reflects the fair value of the existing Eminence Share is justifiable. Taking into consideration the above, it is reasonable and necessary to set the Placing Price at a discount to the recent market price so as to attract the Placees to participate in the Eminence Placing. As such, the Directors are of the view that the Placing Price is fair and reasonable.

The Placing Price was determined after arm's length negotiation between Eminence and the Placing Agent with reference to the prevailing market prices of the existing Eminence Shares. Taking into account (i) the recent trading performance of the existing Eminence Shares; and (ii) the low average daily trading volume of the existing Eminence Shares from December 2022 to April 2023 during the Period, and the Period, the Eminence Directors have advised the Board that they consider that it is reasonable and necessary to set the Placing Price at a discount to the recent market price of the existing Eminence Shares so as to attract the Placees to participate in the Eminence Placing under the current market conditions. The Directors consider that the terms of the Placing Agreement are fair and reasonable based on the market conditions and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Placing Agreement

The Eminence Placing is conditional upon the fulfilment of all of the following conditions:

- (a) the passing of resolution(s) at the Eminence SGM by the Eminence Shareholders in relation to (i) the Eminence Capital Reorganisation; and (ii) the Placing Agreement and the Eminence Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) the Eminence Capital Reorganisation becoming effective;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the new Eminence Shares (upon the Eminence Capital Reorganisation becoming effective);
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (e) the compliance with the relevant procedures and requirements under the applicable laws of Bermuda and the Listing Rules to effect the Eminence Capital Reorganisation;
- (f) the Bermuda Monetary Authority having granted all, and not revoking any necessary approvals and permissions for the creation, allotment and issue of the Placing Shares, if applicable; and
- (g) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms under the Placing Agreement, including provisions regarding force majeure event.

Save for the conditions (a) and (b) above, if the above conditions precedent are not satisfied and/or waived in whole or in part by the Placing Agent on or before the Long Stop Date, the Eminence Placing will be terminated and shall not proceed and all obligations and liabilities of the Placing Agent and those of Eminence under the Placing Agreement shall cease and determine forthwith and no party shall have any claim whatsoever against the other party in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each party. The Placing Agreement shall be conditional upon shareholders' approval being obtained at the level of the Company in the manner required under the Listing Rules.

As at the Latest Applicable Date, none of the conditions above had been fulfilled.

LETTER FROM THE BOARD

Completion

The Completion, in any event, will take place on the fourth (4th) Business Day (the “**Completion Date**”), upon the fulfilment of the conditions set out in the Placing Agreement or such other date as Eminence and the Placing Agent may agree in writing.

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole or adversely prejudices the success of the Eminence Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for Eminence or the Placing Agent to proceed with the Eminence Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Eminence Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for Eminence or the Placing Agent to proceed with the Eminence Placing.

LETTER FROM THE BOARD

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (i) Eminence commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (ii) any suspension in the trading of the Eminence Shares on the Stock Exchange for more than ten (10) consecutive trading days save for the purposes of clearing of any announcement(s) relating to the Placing Agreement or any announcement(s) or circular(s) relating to the Eminence Placing; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, if repeated, the Placing Agent in its absolute opinion shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Eminence Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Eminence Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to Eminence to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving notice pursuant to the paragraph above, all obligations of the Placing Agent under the Placing Agreement shall cease and determine and no parties shall have any claim against any other party of the Placing Agreement in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Upon termination of the Placing Agreement, all liabilities of the parties shall cease and determine and no party shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breaches.

Ranking of the Placing Shares

The Placing Shares under the Eminence Placing will rank, upon issue under the Eminence Specific Mandate at the Eminence SGM, *pari passu* in all respects with existing Eminence Shares or the consolidated Eminence Shares (the proposed Eminence Capital Reorganisation) or new Eminence Shares (immediately after the Eminence Capital Reorganisation becoming effective) (as the case may be) in issue on the date of allotment and issue of the Placing Shares.

LETTER FROM THE BOARD

Specific Mandate

The Placing Shares will be allotted and issued under the Eminence Specific Mandate which are subject to the approval of the Eminence Shareholders at the Eminence SGM.

Application for Listing

An application has been made by Eminence to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares under the Eminence Placing.

None of the share capital or debt securities of Eminence is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

REASONS FOR THE EMINENCE PLACING AND USE OF PROCEEDS

Subject to the Completion, assuming only the Eminence Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Eminence Placing) from the Eminence Placing will be approximately HK\$25,000,000 and HK\$24,660,000 respectively, representing a net issue price of approximately HK\$0.49 per Placing Share (assuming the Eminence Capital Reorganisation has become effective).

The Eminence Group has advised the Board that it intends to utilise the raised proceeds to repay partially a bank loan with approximately HK\$46.3 million outstanding principal as at the date of the Eminence Announcements. The loan was a term loan from Hang Seng Bank Limited with maturity in May 2032, secured by two (2) investment properties of the Eminence Group. Interest rate of the loan is Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 1.8% which is comparatively higher than other similar loans of the Eminence Group, with interest rates ranging from HIBOR plus 1.3% to HIBOR plus 1.55%.

As at 30 September 2022, the Eminence Group had approximately HK\$231.1 million of cash balance, outstanding bank loans of approximately HK\$1,761.7 million and net assets of approximately HK\$3,167.1 million. Gearing ratio of the Eminence Group was approximately 56% which was considered high by the management of Eminence Group, and interest rate, particularly HIBOR has been hiking significantly during the past few months, thus it would be beneficial and logical to reduce balance of outstanding bank loans as a way to reduce gearing and interest burden of the Eminence Group. Although the Eminence Group had approximately HK\$231.1 million cash balance, it was considered a relatively low level for operation and general working capital purpose given the Eminence Group had a net asset value of over HK\$3,000 million and having intense

LETTER FROM THE BOARD

investments in property development projects. In particular, for the period from October 2022 to May 2023, the Eminence Group will have to expend over HK\$50 million to settle unfinanced construction costs of various property development projects, to repay loan principal and interest of over HK\$70 million, as well as to finance recurring daily operation of over HK\$30 million, all outflows of which totalling over HK\$150 million. Given the above and having considered other relevant factors, the Eminence Board considers that it would be more viable for the Eminence Group to solicit equity funding externally instead of utilizing its internal funds to partially settle the outstanding bank loans.

The Eminence Board has considered other fund-raising methods including rights issue and open offer. However, having considered (i) the relatively higher costs for conducting rights issue or open offer due to engagement of various professional parties including underwriter, reporting accountant, financial adviser and/or brokerage agent etc.; and (ii) a relatively longer time required for rights issue or open offer due to more stringent documentary and registration requirements, the Board does not consider rights issue and open offer to be desirable alternatives to the Placing and is of the view that on the basis on the above, Eminence Placing represents a more suitable choice of fundraisings than the pre-emptive funding raisings.

Debt financing

Availability of debt financing is subject to the Eminence Group's existing financial position. In view of the Eminence Group's amount of outstanding bank borrowings and the amount of funds required, further debt financing may not be available, and if it is available, subject to lengthy due diligence and negotiations and possibly unfavourable high interest rate with the financial institutions. In addition, the net proceeds from the Eminence Placing are intended to be used for repayment of the Eminence Group's bank loan and thus lowering the gearing ratio of the Eminence Group while debt financing will impose additional interest burden on the Eminence Group which will, in turn, worsen the Eminence Group's financial performance and gearing ratio. As at 30 September 2022, the Eminence Group's gearing ratio, which is calculated as a ratio of bank borrowings to Eminence Shareholders' equity was approximately 0.6. Given the above considerations, The Eminence Board considers that it would be difficult for the Eminence Group to obtain further debt financing at a reasonable cost and further debt financing would not be healthy to the long-term financial condition of the Eminence Group.

Other equity financing options

As for pre-emptive funding raisings such as rights issue or open offer, the Eminence Directors considered that the rights issue or open offer would incur materially higher costs when compared with the Eminence Placing. In order to ensure that Eminence would receive the entire funds it seeks to raise, a pre-emptive funding would require underwriting but an underwriter may

LETTER FROM THE BOARD

not be available or, if available, may charge significant commissions. Costs of engagement of reporting accountants, financial adviser and brokerage agent which cost of approximately HK\$1,500,000 as well as underwriting commission (as compared with the 1% placing commission of HK\$250,000 assuming all the Placing Shares have been successfully placed under the Eminence Placing) which might in turn cause an adverse impact on the financial condition of the Eminence Group, and possibly require a relatively longer time period of more than three (3) months to complete in view of more stringent documentary requirements for pre-emptive issues such as preparation of a listing document, preparation of unaudited pro forma financial information to be included in the prospectus, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement, as compared with the time required for the Completion of normally about or even less than two (2) months.

Accordingly, in view of (i) the size of the fund to be raised from the Eminence Placing; (ii) the materially higher costs for conducting rights issue or open offer; (iii) the relatively longer period of time for completion, the Eminence Board does not consider pre-emptive issues (including rights issue and open offer) to be desirable alternatives to the Eminence Placing and are of the view that the Eminence Placing and the terms and conditions of the Placing Agreement thereof are fair and reasonable and are in the best interests of Eminence and the Eminence Shareholders as a whole. The Board concurs with that view.

The Eminence Board is aware of the potential dilution effect of the Eminence Placing on the existing public Eminence Shareholders from approximately 48.39% to approximately 24.94% but having approximately 48.47% to be offsetted by the Placees and subsequently to be included in the public Eminence Shareholders upon Completion as the Placing Agent undertook in the Placing Agreement that no Placees would become a substantial Eminence Shareholders as a result of the Eminence Placing. Nevertheless, having taken into account (i) the funding needs of Eminence as abovementioned; (ii) the benefits of increasing the working capital and strengthening the financial position of the Eminence Group without increasing its financing costs and lowering the gearing ratio of the Eminence Group; and (iii) the fact that the Eminence Placing is subject to the Eminence Shareholders' approval and therefore the Eminence Shareholders are given the opportunity and full discretion to consider the Eminence Placing and decide whether to vote in favour of or against the Eminence Placing, the Eminence Directors consider that the benefits of the Eminence Placing outweigh the potential dilution effect to the existing public Eminence Shareholders was justified. Based on the above and in view of Eminence will continue to be consolidated into the Company's financial statements following the Completion, the Eminence Placing is a feasible and cost-and-time effective fund-raising solution for the Group than other alternatives and the net proceeds from the Eminence Placing so as to strengthen the financial position of the Group which in turn, by way of saving the interest expense and lowering the

LETTER FROM THE BOARD

gearing ratio, and to retain sufficient working capital of the Group in the future. On the basis of the benefits above, the Board is of the view that the Eminence Placing is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF EMINENCE DURING THE PAST TWELVE (12) MONTHS

On 27 July 2022, the Placing Agent and Eminence entered into a placing agreement to place 607,400,000 Eminence Shares at the placing price of HK\$0.068 per placing share to not fewer than six (6) placees who and whose ultimate beneficial owners are Independent Third Parties. The placing shares were allotted and issued under the specific mandate granted to the Eminence Directors by resolution of Eminence Shareholders passed at a special general meeting of Eminence held on 14 September 2022 and had been completed on 26 September 2022. The net proceeds from this placing (after deducting the placing commission and other relevant costs and expenses) amounted to approximately HK\$40,800,000 proposed to be used and were fully utilized for general working capital as at the date of the Placing Agreement. Details of the placing have been disclosed in the Eminence's announcements dated 27 July 2022, 14 September 2022 and 26 September 2022 respectively and Eminence's circular dated 23 August 2022.

FINANCIAL INFORMATION OF THE EMINENCE GROUP

Set out below are the abridged audited consolidated results of Eminence Group for the two years ended 31 March 2021 and 2022 respectively as extracted from the annual report of Eminence for the year ended 31 March 2022:

	As at 31 March	
	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	4,613,337	4,879,808
Net assets value	2,881,293	3,015,187

LETTER FROM THE BOARD

	For the year ended 31 March	
	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation	(190,743)	123,497
Profit (loss) after taxation	(180,793)	116,447

The unaudited total asset value and net asset value of Eminence Group as at 30 September 2022 were approximately HK\$5,035,900,000 and HK\$3,167,082,000 respectively.

FINANCIAL IMPACT OF THE DEEMED DISPOSAL TO THE COMPANY

The Group's effective percentage equity interest in Eminence will be reduced from approximately 51.61% to 26.59%, which constitutes the deemed disposal of approximately 25.02% equity interest in Eminence by the Group. It is expected that the assets and liabilities of Eminence will nevertheless continue to be consolidated in the consolidated financial statements of the Group. The remaining shares of Eminence held by the Company are intended to be retained.

Following Completion, the Company expects to account for Eminence as a subsidiary of the Company in the Group's consolidated financial statements and the Deemed Disposal will not have any material impact on the Group's consolidated profit and loss, and assets and liabilities.

LETTER FROM THE BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF EMINENCE

As at the Latest Practicable Date, Eminence has 2,125,924,676 Eminence Shares in issue. The table below sets out the shareholding structure of Eminence (i) as at the Latest Practicable Date; (ii) immediately after the Eminence Capital Reorganisation becoming effective but before the Completion; and (iii) immediately upon the Completion (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the share capital of Eminence from the Latest Practicable Date up to the Completion):

Shareholders	As at the Latest Practicable Date		Immediately after the Eminence Capital Reorganisation becoming effective but before the Completion		Immediately upon the Completion	
	<i>Number of Existing Eminence Shares</i>	<i>Approximate %</i>	<i>Number of New Eminence Shares</i>	<i>Approximate %</i>	<i>Number of New Eminence Shares</i>	<i>Approximate %</i>
The Company	27,000,000	1.27	675,000	1.27	675,000	0.65
Ace Winner Investment Limited <i>(Note 1)</i>	484,538,175	22.79	12,113,454	22.79	12,113,454	11.74
Goodco Development Limited <i>(Note 1)</i>						
— Eminence Shares	562,231,961	26.45	14,055,799	26.45	14,055,799	13.63
— underlying Eminence Shares	1,971,698,113*	—	49,292,452*	—	49,292,452*	—
Landmark Profits Limited <i>(Note 1)</i>	23,387,370	1.10	584,684	1.10	584,684	0.57
	<u>1,097,157,506</u>	<u>51.61</u>	<u>27,428,937</u>	<u>51.61</u>	<u>27,428,937</u>	<u>26.59</u>
The Placees	—	—	—	—	50,000,000	48.47
Other public Eminence Shareholders	1,028,767,170	48.39	25,719,179	48.39	25,719,179	24.94
Total	<u>2,125,924,676</u>	<u>100.00</u>	<u>53,148,116</u>	<u>100.00</u>	<u>103,148,116</u>	<u>100.00</u>

Note:

- a wholly-owned subsidiary of the Company

* *For illustration purposes only. The Eminence Shares underlying the 2023 Convertible Note have not been added into the total amount or percentage.*

LETTER FROM THE BOARD

INFORMATION ON THE EMINENCE GROUP

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 Latest Practicable Date, Eminence is owned as to approximately 51.61% by the Company, and thus is a non-wholly owned subsidiary of the Company; and the Eminence Group holds approximately 1.82% of the Company. The Eminence Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

INFORMATION ON THE GROUP

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

INFORMATION ON THE PLACING AGENT

Kingston Securities Limited, the placing agent and a corporation licensed to carry on business in Type 1 (dealing in securities) regulated activity under the SFO.

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

DEEMED DISPOSAL OF THE COMPANY AND LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, the Company is a controlling shareholder (as defined under the Listing Rules) of Eminence, holding 1,097,157,506 Eminence Shares, representing approximately 51.61% of the total issued share capital of Eminence.

Assuming all the 50,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of the Company in Eminence will be diluted from approximately 51.61% to approximately 26.59% (assuming the Eminence Capital Reorganisation has become effective and there will be no other change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares), representing a decrease of approximately 25.02%. Accordingly,

LETTER FROM THE BOARD

such dilution of shareholding interest in Eminence of the Company immediately after the Completion constitutes a deemed disposal transaction of the Company under Rule 14.29 of the Listing Rules.

The Company indicated in its announcement of 30 May 2023 that after the Eminence Placing Eminence would no longer be accounted for as a subsidiary and consolidated in the Company's consolidated accounts. The Directors have now discussed with the auditors of the Company the facts and circumstances that should be considered in determining the existence of substantial control of a company. As a result of, and having considered in more detail all relevant facts and circumstances covered in, those discussions the Directors now intend that following the Completion the Company will continue to account for Eminence as a subsidiary of the Company in the Group's consolidated financial statements based on the ground that the Company will continue to maintain substantial control over Eminence. The Directors have advised the auditors of the Company of the Directors' proposed accounting treatment, for which the Directors are solely responsible.

The relevant facts and circumstances considered by the Directors related to the Group's interests in Eminence include the potential voting rights of the 2023 Convertible Note, the Group's dominant voting interest in Eminence relative to the size and dispersion of holdings of the other vote holders, participation rates of shareholders and voting patterns in previous shareholders' meetings, and the Directors are of the opinion that the Group will maintain substantial control over Eminence following the Completion.

In the circumstances that Eminence's financial statements is not consolidated with the accounts of the Company, as at 30 April 2023, the book value of Eminence attributable to the owners of the Company was HK\$1,667,595,000. The Group is expected to recognize a loss on Deemed Disposal of approximately HK\$808,433,000 if Eminence is accounted for as an associate (subject to auditors/reporting accounts review). The consolidated total assets of the Group would decrease by approximately HK\$3,319,454,020 and the consolidated total liabilities of the Group would decrease by approximately HK\$2,194,273,000. Such deconsolidation represents purely one of the forms of accounting treatment, and the estimation is for illustrative purpose only and does not purport to represent how the financial position of the Group will be presented after the Deemed Disposal. Even if Eminence is accounted for as an associate of the Company, the Company itself will still benefit from the Eminence Placing through its attributable interest in the net proceeds from the Eminence Placing and its ancillary effect. In particular, the raised fund from the Eminence Placing will increase the net asset value of Eminence itself, Eminence would use such fund to repay its own outstanding bank loans and thereby reducing its gearing ratio. As a result, even if Eminence is deconsolidated from the Company, the Company will still benefit from Eminence's increase in net asset value, reduced outstanding loan balance and gearing ratio. Such effect will be reflected as an increased interest in associate in the Company's balance sheet.

LETTER FROM THE BOARD

The benefits of Eminence Placing to Eminence Group itself, has been mentioned in earlier paragraphs in this circular. Although there will be dilution of interest of the Company in Eminence caused by the effect of Deemed Disposal after the Eminence Placing, the benefits of which to the Company, and more particularly to the Company and Eminence as a consolidated Group is that the Eminence Placing will bring in additional and necessary funding to the Group for repaying its outstanding bank loan, thereby reducing the overall loan balance and gearing ratio of the Group as a whole. The Board is therefore of the view that the Eminence Placing will strengthen the financial position of the Group as a whole and is thereby beneficial the Shareholders of the Group.

As one or more applicable percentage ratios in respect of the Deemed Disposal are more than 25% but less than 75%, the Deemed Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Eminence Group holds approximately 1.82% of the Company and has material interest in the Deemed Disposal, Eminence shall abstain from voting at the SGM. To the best knowledge, information and believe of the Directors and having made reasonable enquiries, no other Shareholder is involved in or interested in the Placing Agreement and the transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the Placing Agreement and the transaction contemplated thereunder at the SGM.

REASONS FOR AND THE BENEFITS OF THE DEEMED DISPOSAL IN VIEW OF THE BOARD

The Board concurs with the view of the Eminence Board as set out in the paragraph headed of "Reasons for the Eminence Placing and Use of Proceeds" that the Eminence Placing provides funding to Eminence to repay part of its outstanding bank loans and lower the gearing ratio of the Eminence Group.

As at the Latest Practicable Date, the Company is a controlling shareholder (as defined under the Listing Rules) of Eminence, holding 1,097,157,506 Eminence Shares, representing approximately 51.61% of the total issued share capital of Eminence. Assuming all the 50,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of the Company in Eminence will be diluted from approximately 51.61% to approximately 26.59% (assuming the Eminence Capital Reorganisation has become effective and there will be no change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares). As at the Latest Practicable

LETTER FROM THE BOARD

Date, the Group is holding the 2023 Convertible Note issued by Eminence. Immediately upon the Completion, the 2023 Convertible Note will entitle the Group to convert into a total of 49,292,452 Eminence Shares, thus the total shareholdings of the Group in Eminence will be increased to 76,721,389 shares, representing approximately 50.32% of the issued share of Eminence assuming full conversion and the issue of that number of Eminence Shares.

Having considered the above, the Group expects to continue to record the results of operations and financial position of Eminence in the Group's consolidated financial statements based on the ground that the Company continues to have substantial control over Eminence. As the Eminence Placing will not cause a loss of the Group's control over Eminence, the Deemed Disposal due to the Eminence Placing will be accounted for as an equity transaction that will not result in the recognition of any gain or loss in profit or loss. On the other hand, the Eminence Placing provides funding to Eminence to repay part of its outstanding bank loans and lower the gearing of the Eminence Group which will also indirectly benefit the Group. Thus, the Board considers that the effect of the dilution of the Group's equity interest in Eminence as a result of the Eminence Placing is justified.

In view of the foregoing financial impacts, and bearing in mind that the discount of the Placing Price to the net asset value of the Eminence Shares is necessary in light of their traded prices, and taking into account that the Group will hold the majority shareholding of and maintain control over Eminence upon full exercise of the 2023 Convertible Note, the Directors are of the view that the terms of the Eminence Placing are fair and reasonable, and the Placing Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

The Directors (including all the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Placing Agreement and the transactions contemplated thereunder at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,

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

1. FINANCIAL INFORMATION OF THE EASYKNIT GROUP

Financial information of the Group for each of the financial years ended 31 March 2020, 2021 and 2022 and for the six months ended 30 September 2022 are disclosed in the following documents which have been published both on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.easyknit.com>):

- (i) Interim report of the Group for the six months ended 30 September 2022 (pages 40 to 88)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1220/2022122000311.pdf>
- (ii) Annual report of the Group for the year ended 31 March 2022 (pages 96 to 264)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200491.pdf>
- (iii) Annual report of the Group for the year ended 31 March 2021 (pages 82 to 227)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0719/2021071900312.pdf>
- (iv) Annual report of the Group for the year ended 31 March 2020 (pages 86 to 233)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0706/2020070600997.pdf>

2. INDEBTEDNESS**Borrowings**

As at 30 April 2023, being the Latest Practicable Date for the purpose of ascertaining information contained in this indebtedness statement set out in this circular, the Group had outstanding bank borrowings amounted to approximately HK\$3,550,772,000, which were guaranteed by the Company and were secured by certain properties of the Group. The bank borrowings are secured by charges over leasehold properties, investment properties, properties held for development for sale, properties held for sale, deposit and prepayments for a life insurance policy of the Group with carrying amounts of approximately HK\$190,500,000, HK\$2,008,348,000, HK\$4,764,941,000, HK\$728,950,000 and HK\$13,626,000 respectively at 30 April 2023.

Contingent Liabilities

As at 30 April 2023, the Group did not have any material contingent liabilities.

Capital Commitments

As at 30 April 2023, the Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$19,635,000.

Save as disclosed above and intra-group liabilities, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other materials contingent liabilities as at 30 April 2023.

3. WORKING CAPITAL

The effect of the Deemed Disposal on the working capital of the Group is the availability of increased fund for the Group's operations and the increase in the level of the Group's working capital sufficiency.

The Directors, after due and careful consideration, are of the opinion that, after taking into account the Deemed Disposal and the Group's available financial resources including cash and cash equivalent on hand, the internally generated funds and existing facilities, the Group has, sufficient working capital for its present requirement for the next twelve (12) months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2022, being the date of which the latest published audited consolidated accounts of the Company were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE EASYKNIT GROUP

The Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses which property development and property investment are the core businesses of the Group. There is no change in the Group's principal activities since 31 March 2022, being the date on which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of the Completion.

Upon Completion, the Group remains focus on its core businesses. Notwithstanding US Federal Reserve increased its rate several times in an attempt to stem inflation, however, major Hong Kong banks left their lending rate unchanged even after the Hong Kong Monetary Authority raised the city's base rate, in addition to the border re-opens, the economy will be strengthened. The Group will continue to monitor the market changes closely and focusing its efforts in the development of its existing principal businesses while exploring other opportunities with a view to providing steady and favourite returns for its Shareholders and strengthen every segment of its business.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, after having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' Interest in the Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debenture of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

Long positions in the ordinary Shares and the underlying Shares

Name of Director	Number of Ordinary Shares				Total	Approximate % of Shareholding (Note vi)
	Personal Interest	Family Interest	Corporate Interest	Other Interest		
Koon Ho Yan Candy ("Ms. Koon")	73,000 (Note i)	—	—	29,179,480 (Note ii)	29,252,480	39.53%
Lui Yuk Chu ("Ms. Lui")	73,000 (Note iii)	73,000 (Note iv)	11,429,664 (Note v)	—	11,575,664	15.64%

Notes:

- (i) These interest represent options granted to Ms. Koon as beneficial owner under the share option scheme of the Company adopted on 5 July 2012 (the "Share Option Scheme").

- (ii) 29,179,480 shares are registered in the name of and are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by the Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Koon). As a result, Ms. Koon is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.
- (iii) These interest represent options granted to Ms. Lui as beneficial owner under the Share Option Scheme.
- (iv) These interest represent options granted to Mr. Koon Wing Yee (“**Mr. Koon**”), the spouse of Ms. Lui, as beneficial owner under the Share Option Scheme. Ms. Lui is deemed to be interested in those Shares in which her spouse, Mr. Koon, was interested.
- (v) 11,429,664 Shares are owned by Sea Rejoice Limited which is wholly and beneficiary owned by Ms. Lui.
- (vi) The percentage represented the number of the Shares over the total issued share capital of the Company as at the Latest Practicable Date was 73,988,403 shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interest*Substantial Shareholders' Interest in the Shares and Underlying Shares*

As at the Latest Practicable Date, the persons (other than the Directors or the chief executives of the Company) who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the ordinary Shares and the underlying Shares

Name of Shareholder	Notes	Capacity	Number of Shares Held	Total	Approximate % of Shareholding
Magical Profits Limited	<i>i</i>	Beneficial owner	29,179,480	29,179,480	39.43%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	29,179,480	39.43%
The Winterbotham Trust Company Limited	<i>i</i>	Trustee	29,179,480	29,179,480	39.43%
Winterbotham Holdings Limited	<i>i</i>	Interest of controlled corporation	29,179,480	29,179,480	39.43%
Christopher Geoffrey Douglas Hooper	<i>i</i>	Interest of controlled corporation	29,179,480	29,179,480	39.43%
Mr. Koon	<i>ii</i>	Interest of spouse	11,502,664		
	<i>iii</i>	Beneficial owner	73,000	11,575,664	15.64%
Sea Rejoice Limited	<i>ii</i>	Beneficial owner	11,429,664	11,429,664	15.44%

Notes:

- (i) 29,179,480 Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries of which include

Ms. Koon, an executive Director). The Winterbotham Trust Company Limited is owned as to 75% by Winterbotham Holdings Limited. Winterbotham Holdings Limited is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper.

- (ii) 11,429,664 Shares are owned by Sea Rejoice Limited which is wholly and beneficially owned by Ms. Lui, an executive Director. On 30 August 2021, Ms. Lui was granted 73,000 share options of the Company under the Share Option Scheme. Mr. Koon, being the spouse of Ms. Lui, is deemed to be interested in 11,502,664 Shares by virtue of the SFO.
- (iii) These interest represent options granted to Mr. Koon as beneficial owner under the Share Option Scheme.
- (iv) The percentage represented the number of the Shares over the total issued share capital of the Company as at the Latest Practicable Date was 73,988,403 Shares.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than the Directors or chief executive of the Company) who had interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

Name of Director	Name of company	Nature of competing business	Nature of interest
Lui Yuk Chu	Eminence	Property development, property investment, securities and other investment and loan financing	Eminence Director

Save as disclosed in this circular, at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or any of their respective associates had an interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which required to be disclosed under Rule 8.10 of the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

6. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2022 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within two (2) years immediately preceding the date of this circular which are or may be material:

The Group

- (a) four (4) respective conditional sale and purchase agreements dated 30 November 2022 entered into between Easyknit Properties Holdings Limited (“**Easyknit Properties**”, a wholly-owned subsidiary of the Company) and Eminence for, inter alia, the sale by Easyknit Properties and purchase by Eminence of the companies set out below for an aggregate consideration of HK\$304,000,000:-
 - (i) the entire issued share capital in On Channel International Limited (“**On Channel**”, an indirect wholly-owned subsidiary of the Company) and the assignment of the shareholder’s loan owing by On Channel to the Group for an aggregate of the purchase price of HK\$44,000,000;

- (ii) the entire issued share capital in Day Glory Investment Limited (“**Day Glory**”, an indirect wholly-owned subsidiary of the Company) and the assignment of the shareholder’s loan owing by Day Glory to the Group for an aggregate of the purchase price of HK\$24,800,000;
- (iii) the entire issued share capital in Well Honest Investment Limited (“**Well Honest**”, an indirect wholly-owned subsidiary of the Company) and the assignment of the shareholder’s loan owing by Well Honest to the Group for an aggregate of the purchase price of HK\$24,200,000; and
- (iv) the entire issued share capital in Asia Million Investment Limited (“**Asia Million**”, an indirect wholly-owned subsidiary of the Company) and the assignment of the shareholder’s loan owing by Asia Million to the Group for an aggregate of the purchase price of HK\$247,000,000.

Details of the above were set out in the announcement and circular jointly issued by the Company and Eminence dated 14 December 2022 and 21 January 2023, respectively.

Eminence Group

- (a) the deed of settlement dated 4 March 2022 entered into between Shui Kam Enterprises Limited and City China International Limited (an indirect non-wholly subsidiary of Eminence) in relation to the settlement of the outstanding loans of HK\$39,834,292.14 under the loan agreements in return for a property situated at Lots Nos. 1278, 1279 and 1280 all in D. D. No. 124 Yuen Long, New Territories, Hong Kong with a valuation of HK\$40,000,000;
- (b) the conditional placing agreement dated 30 March 2022 entered into between Kingston Securities Limited (“**Kingston**”) (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 186,280,000 new Eminence Shares at the placing price of HK\$0.10 per placing Eminence Share under general mandate for net proceeds of approximately HK\$18,380,000;
- (c) the conditional placing agreement dated 27 July 2022 entered into between Kingston (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 607,400,000 new Eminence Shares at the placing price of HK\$0.068 per placing Eminence Share under specific mandate for net proceeds of approximately HK\$40,800,000;
- (d) the land resumption agreement dated 5 October 2022 entered into between the People’s Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (the “**Huzhou Government**”) and Easyknit Enterprises (Huzhou) Co., Ltd. (“**Enterprises**”)

- Huzhou**", an indirect wholly-owned subsidiary of Eminence) in relation to the resumption of properties situated at Huzhou City, Zhejiang Province of the PRC which are owned by Enterprises Huzhou at a compensation amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000) payable by the Huzhou Government to Enterprises Huzhou;
- (e) the agreement dated 4 November 2022 entered into between the Vendor and Claire Huang and Eva Huang (as purchasers) in relation to the grant and exercise of the option to purchase the property located at 15 Ardmore Park #06-04, Ardmore Park, Singapore 259959 at the sale price of S\$12,500,000 (equivalent to approximately HK\$68,750,000);
 - (f) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for the sale and purchase of the entire issued share capital of On Channel and the assignment of the shareholder's loan owing by On Channel for an aggregate of the purchase price of HK\$44,000,000;
 - (g) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Day Glory and the assignment of shareholder's loan owing by Day Glory for an aggregate of the purchase price of HK\$24,800,000;
 - (h) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Well Honest and the assignment of shareholder's loan owing by Well Honest for an aggregate of the purchase price of HK\$24,200,000;
 - (i) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Asia Million and the assignment of shareholder's loan owing by Asia Million for an aggregate of the purchase price of HK\$247,000,000;
 - (j) the option to purchase dated 14 April 2023 entered into between Grow Well Profits Limited as seller ("**Grow Well**", an indirect wholly-owned subsidiary of Eminence and an indirect non-wholly owned subsidiary of the Company) and Yu Sung Jin as purchaser, an individual and an Independent Third Party) and the purchaser accepted and exercised the option granted by Grow Well in relation to purchase the property located at 15 Ardmore Park #04-03, Ardmore Park, Singapore 259959 at the sale price of S\$13,008,888 (equivalent to approximately HK\$76,752,400); and
 - (k) the Placing Agreement.

8. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.easyknit.com) for a period of 14 days from the date of this circular (inclusive):

- (a) the Placing Agreement; and
- (b) this circular;

NOTICE OF THE SGM



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Easyknit International Holdings Limited (the “**Company**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 17 July 2023 at 10:00 a.m. for the following purposes of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the placing agreement (the “**Placing Agreement**”) dated 29 May 2023 entered into between Eminence Enterprise Limited (“**Eminence**”) as issuer and Kingston Securities Limited as placing agent in relation to the placing of up to 50,000,000 new ordinary shares of HK\$0.01 in the capital of Eminence (the “**Placing Share(s)**”) on a best effort basis at the placing price of HK\$0.50 per Placing Share, and transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

NOTICE OF THE SGM

(b) any one or more director(s) of the Company (each a “**Director**”) be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal of the Company, where applicable) which he/they consider(s) necessary, desirable or expedient to give effect to the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares) and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole.”

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

Hong Kong, 27 June 2023

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
Business in Hong Kong:*
Block A, 7th Floor
Hong Kong Spinners Buildings, Phase 6
481–483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A form of proxy for use in connection with the SGM is enclosed.
2. For the purpose of ascertaining entitlement to attend and vote at the SGM (the “**Entitlement to SGM**”), the register of members of the Company (the “**Register of Members**”) will be closed from Wednesday, 12 July 2023 to Monday, 17 July 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 11 July 2023. The record date for Entitlement to SGM will be Monday, 17 July 2023.
3. A member entitled to attend and vote at the SGM by the above notice is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. A proxy need not be a member of the Company. If more than one proxy is appointed, the appointment shall specify the number of Shares in respect of which each such proxy is appointed.

NOTICE OF THE SGM

4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the office of the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the SGM or any adjournment thereof (as the case may be).
5. Where there are joint holders of a Share, any one of such joint holders may vote at the SGM either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of such joint holding.
6. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 6:00 a.m. on the date of the SGM, the SGM will be postponed and Shareholders will be informed of the date, time and venue of the postponed SGM by a supplementary notice, posted on the respective website(s) of the Company and The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is cancelled at or before 6:00 a.m. on the date of the SGM and where conditions permit, the SGM will be held as scheduled.

The SGM will be held as scheduled when an amber or red rainstorm warning signal is in force.

After considering their own situations, Shareholders should decide whether they would attend the SGM under bad weather condition and if they do so, they are advised to exercise care and caution.

7. In view of the evolving Pandemic situation in Hong Kong, Shareholders are advised to check the websites of the Company at www.easyknit.com and the Stock Exchange at www.hkexnew.hk for announcements regarding any updates on the SGM arrangements.