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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

**PROPOSED CAPITAL REORGANISATION AND
CHANGE IN BOARD LOT SIZE,
PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

Placing Agent



A letter from the Board is set out on pages 8 to 33 of this circular.

A notice convening the special general meeting of Eminence Enterprise Limited to 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 11:00 a.m. is set out on pages N-1 to N-4 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you are able to attend the meeting, you 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 forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Hong Kong, 23 June 2023

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Accompanying Document – Form of Proxy

DEFINITIONS

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

“2023 Convertible Note”	the 5% per annum coupon rate convertible note in a principal amount of HK\$209,000,000 issued by the Company to Goodco 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”	collectively, the announcements of the Company both dated 29 May 2023 in relation to, among other things, (i) the Capital Reorganisation and Change in Board Lot Size; and (ii) the Placing of New Shares under Specific Mandate
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“Bye-laws”	the bye-laws for the time being adopted by the Company and as amended from time to time
“Capital Reduction”	the proposed reduction in the issued share capital of the Company as detailed in the section headed “Capital Reduction” of this circular
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Share Subdivision
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time

DEFINITIONS

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 5,000 New Shares conditional upon the Capital Reorganisation becoming effective
“Companies Act”	the Companies Act 1981 of Bermuda (as amended from time to time)
“Company”	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)
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	on the fourth (4th) Business Day upon the fulfillment of conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value of HK\$0.40 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Easyknit”	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)
“Existing Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Capital Reorganisation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Goodco”	Goodco Development Limited, the holder of the 2023 Convertible Note, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of Easyknit and a substantial Shareholder (as defined in the Listing Rules)

DEFINITIONS

“Group”	the Company and its subsidiaries
“HIBOR”	Hong Kong Interbank Offered Rate
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined in the Listing Rules)
“Last Trading Day”	Monday, 29 May 2023, being the date of the Placing Agreement
“Latest Practicable Date”	Tuesday, 20 June 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“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 SGM (which is expected to be Wednesday, 16 August 2023 in accordance to the expected timetable mentioned in the Announcements) or such later date to be agreed between the Company and the Placing Agent in writing, being the date on which all the conditions precedent of the Placing Agreement have been satisfied or waived
“Main Board”	the main board maintained and operated by the Stock Exchange
“New Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective

DEFINITIONS

“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 the Company (and the 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 Shareholder(s) to the effect that any 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”	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
“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 the Company and the Placing Agent in relation to the Placing under the Specific Mandate
“Placing Price”	HK\$0.50 per Placing Share (assuming the Capital Reorganisation has become effective)
“Placing Share(s)”	a maximum of up to 50,000,000 New Shares (assuming the Capital Reorganisation has become effective) to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of 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 have been disclosed in the Company’s announcement dated 27 July 2022 and circular dated 23 August 2022 respectively
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Share(s)”	the Existing Share(s) or the Consolidated Share(s) or the New Share(s) or the Placing Share(s) (as the case may be)
“Shareholder(s)”	holder(s) of the Existing Share(s) or the Consolidated Share(s) or the New Share(s) or the Placing Share(s) (as the case may be)
“Share Consolidation”	the proposed consolidation of every forty (40) issued and unissued Existing Shares into one (1) Consolidated Share
“Share Registrar”	Tricor Secretaries Limited, the Company’s branch share registrar and transfer office in Hong Kong, the address of which is at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Share Subdivision”	the proposed subdivision of each authorised but unissued Consolidated Share into forty (40) authorised and unissued New Shares
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of a maximum of up to 50,000,000 Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation and the Change in Board Lot Size is as follows:

Event(s)	Time and date 2023
Latest date and time for lodging transfer(s) of the Existing Shares in order to qualify for attending and voting at the SGM	4:30 p.m. on Tuesday, 11 July
Closure of register of members of the Company for determining the entitlement to attend and vote at the SGM	from Wednesday, 12 July to Monday, 17 July (both dates inclusive)
Latest date and time for lodging forms of proxy for the SGM	11:00 a.m. on Saturday, 15 July
Record date for attendance and voting at the SGM.	Monday, 17 July
Expected time and date of the SGM	11:00 a.m. on Monday, 17 July
Publication of announcement of the poll results of the SGM	Monday, 17 July
Register of members of the Company re-opens	Tuesday, 18 July
<p style="text-align: center;">The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation and therefore the dates are tentative:</p>	
Expected effective date of the Capital Reorganisation	9:00 a.m. on Wednesday, 19 July
First day of free exchange of the existing share certificate(s) of the Existing Shares for new share certificates of the New Shares	Wednesday, 19 July
Dealing in the New Shares commences	9:00 a.m. on Wednesday, 19 July
Original counter for trading in the Existing Shares in board lot size of 20,000 Existing Shares (in the form of existing share certificate(s) in pink colour) temporarily closes	9:00 a.m. on Wednesday, 19 July
Temporary counter for trading in the New Shares in board lot size of 500 New Shares (in the form of existing share certificate(s) in pink colour) opens	9:00 a.m. on Wednesday, 19 July

EXPECTED TIMETABLE

Event(s)	Time and date 2023
Expected effective date of the Change in Board Lot Size.	Wednesday, 2 August
Original counter for trading in the New Shares in new board lot size of 5,000 New Shares (in the form of new share certificate(s) in purple colour) re-opens	9:00 a.m. on Wednesday, 2 August
Parallel trading in the New Shares (in the form of new share certificate(s) in purple colour and existing share certificate(s) in pink colour) commences	9:00 a.m. on Wednesday, 2 August
Designated broker starts to stand in the market to provide matching services for odd lots of the New Shares	9:00 a.m. on Wednesday, 2 August
Designated broker ceases to stand in the market to provide matching services for odd lots of the New Shares	4:00 p.m. on Tuesday, 22 August
Temporary counter for trading in the New Shares in board lot size of 500 New Shares (in the form of existing share certificate(s) in pink colour) closes.	4:10 p.m. on Tuesday, 22 August
Parallel trading in the New Shares (in the form of new share certificate(s) in purple colour and existing share certificate(s) in pink colour) ends	4:10 p.m. on Tuesday, 22 August
Last day for free exchange of the existing share certificate(s) for new share certificates	Thursday, 24 August

The expected timetable set out above is subject to the results of the SGM and fulfillment of the conditions of the Capital Reorganisation and is therefore for indicative purpose only. All times and dates in this circular refer to Hong Kong local times and dates. Any change(s) to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

LETTER FROM THE BOARD



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

Executive Directors:

Mr. Lai Law Kau

(Chairman and Chief Executive Officer)

Ms. Lui Yuk Chu *(Deputy Chairman)*

Mr. Kwong Jimmy Cheung Tim

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Wu Koon Yin Welly

*Head office and principal place of
business in Hong Kong:*

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481-483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

23 June 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION AND
CHANGE IN BOARD LOT SIZE,
PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcements. The purpose of this circular is to provide you with, amongst other things, details of (i) the Capital Reorganisation and the Change in Board Lot Size; (ii) the Placing Agreement and transactions contemplated thereunder; (iii) a notice convening the SGM together with a form of proxy; and (iv) other information as required under the Listing Rules.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which will involve the Share Consolidation, the Capital Reduction and the Share Subdivision.

(i) Share Consolidation

The Share Consolidation will involve a consolidation of every forty (40) issued and unissued Existing Shares of par value of HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.40 each. As at the Latest Practicable Date, (a) the authorised share capital of the Company is HK\$400,000,000 divided into 40,000,000,000 Existing Shares of par value HK\$0.01 each. Immediately after the Share Consolidation, the authorised share capital of the Company will be HK\$400,000,000 divided into 1,000,000,000 Consolidated Shares of par value HK\$0.40 each; and (b) there are 2,125,924,676 Existing Shares of par value HK\$0.01 each in issue which are fully paid or credited as fully paid. On the basis of such issued share capital, there will be 53,148,116 Consolidated Shares of par value HK\$0.40 each in issue upon the Share Consolidation becoming effective. The Consolidated Shares will rank *pari passu* in all respects with each other.

(ii) Capital Reduction

Immediately upon the Share Consolidation becoming effective, the Capital Reduction will involve a reduction of the par value of each issued Consolidated Share from HK\$0.40 to HK\$0.01 by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) cancelling HK\$0.39 of the paid-up capital of the Company on each issued Consolidated Share so that each issued New Share will be treated as one (1) fully paid-up share of par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the credit arising from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act.

(iii) Share Subdivision

Immediately following the Share Consolidation and the Capital Reduction becoming effective, each authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) will be subdivided into forty (40) authorised but unissued New Shares of par value of HK\$0.01 each.

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation and transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange granting the approval for listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective;

LETTER FROM THE BOARD

- (iii) the compliance with the relevant procedures and requirements under the Companies Act and applicable laws of Bermuda to effect the Capital Reorganisation, which includes the Directors being satisfied that on the date the Capital Reorganisation is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due;
- (iv) the compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation; and
- (v) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Subject to the fulfillment of all the above conditions, the Capital Reorganisation is expected to become effective on Wednesday, 19 July 2023, which is one (1) clear Business Day immediately after the date of the SGM. As at the Latest Practicable Date, none of the above conditions had been fulfilled.

Application for listing of and dealings in the New Shares

An application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued upon the Capital Reorganisation becoming effective and the New Shares which may be issued pursuant to the conversion of the 2023 Convertible Note under the terms and conditions of the 2023 Convertible Note.

Subject to the granting of the approval of listing of, and permission to deal in, the New Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, upon the Capital Reorganisation being effective, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second (2nd) settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation become effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$400,000,000 divided into 40,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 2,125,924,676 Existing Shares have been issued and are fully paid or credited as fully paid and 37,874,075,324 Existing Shares remain unissued.

LETTER FROM THE BOARD

Assuming that no further Existing Shares are allotted, issued or repurchased from the Latest Practicable Date up to and including the effective date of the Capital Reorganisation, immediately upon the Capital Reorganisation becoming effective, the authorised share capital of the Company shall become HK\$400,000,000 divided into 40,000,000,000 New Shares of par value of HK\$0.01 each, of which 53,148,116 New Shares will have been issued and will be fully paid or credited as fully paid and 39,946,851,884 New Shares will remain unissued.

Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date on which the Capital Reorganisation becomes effective, the share capital structure of the Company will be summarised as follows:

	As at the Latest Practicable Date	Immediately upon the Share Consolidation becoming effective	Immediately upon the Capital Reorganisation becoming effective
Par value	HK\$0.01 per Existing Share	HK\$0.40 per Consolidated Share	HK\$0.01 per New Share
<u>Authorised share capital</u>			
Amount of authorised share capital	HK\$400,000,000.00	HK\$400,000,000.00	HK\$400,000,000.00
Number of authorised shares	40,000,000,000 Existing Shares	1,000,000,000 Consolidated Shares	40,000,000,000 New Shares
<u>Issued share capital</u>			
Amount of issued share capital	HK\$21,259,246.76	HK\$21,259,246.40	HK\$531,481.16
Number of issued shares	2,125,924,676 Existing Shares	53,148,116 Consolidated Shares	53,148,116 New Shares
<u>Unissued share capital</u>			
Amount of unissued share capital	HK\$378,740,753.24	HK\$378,740,753.60	HK\$399,468,518.84
Number of unissued shares	37,874,075,324 Existing Shares	946,851,884 Consolidated Shares	39,946,851,884 New Shares

LETTER FROM THE BOARD

As at the Latest Practicable Date, 2,125,924,676 Existing Shares were issued and were fully paid or credited as fully paid. Assuming that the par value of each of the 2,125,924,676 issued Existing Shares will be reduced from HK\$0.40 to HK\$0.01 per issued Consolidated Share by (a) eliminating any fraction of a Consolidated Share in the issued share capital of the Company arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (b) cancelling the paid-up share capital to the extent of HK\$0.39 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$21,259,246.76 will be reduced by HK\$20,727,765.60 to HK\$531,481.16.

A credit will arise as a result of the Capital Reduction. It is proposed that the credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company within the meaning of the Companies Act, which will be used by the Board in any manner as the Board may deem fit as may be permitted under the applicable laws and the Bye-laws.

As at the Latest Practicable Date, other than the outstanding 2023 Convertible Note, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares or New Shares.

Status of the New Shares

Upon the Capital Reorganisation becoming effective, the New Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid in accordance with the Company's memorandum of association and the Bye-laws.

Other than the relevant expenses, including but not limited to professional fees and printing charges to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Company and that on the date the Capital Reorganisation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reorganisation would be, unable to pay its liabilities as they become due. The Capital Reorganisation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

LETTER FROM THE BOARD

Free exchange of share certificate(s) for the New Shares

Subject to the Capital Reorganisation becoming effective, which is expected to be on Wednesday, 19 July 2023, being one (1) clear Business Day immediately after the date of the SGM, the Shareholders may, during the period from Wednesday, 19 July 2023 to Thursday, 24 August 2023 (both dates inclusive), submit their existing share certificate(s) for the Existing Shares in pink colour to the Share Registrar, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, during business hours to exchange for new share certificate(s) for the New Shares in purple colour at the expense of the Company. Thereafter, share certificate(s) for the Existing Shares will be accepted for exchange only upon payment of a fee of HK\$2.50 (or such other amount as may be specified by the Stock Exchange from time to time) for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the New Shares, whichever the number of certificate(s) cancelled or issued is higher. The existing share certificate(s) will only be valid for delivery, trading, settlement and registration purposes for the period up to 4:10 p.m. on Tuesday, 22 August 2023 and thereafter will not be accepted for delivery, trading, settlement and registration purposes. However, the existing share certificate(s) will continue to be good evidence of title to the New Shares on the basis of every forty (40) Existing Shares for one (1) Consolidated Share. The new share certificate(s) for the New Shares will be issued in purple colour in order to distinguish them from the share certificate(s) for the Existing Shares which are in pink colour.

Fractional entitlement to the New Shares

Fractional New Shares arising from the Capital Reorganisation and the Change in Board Lot Size, if any, will be disregarded and will not be issued to the Shareholders but all such fractional New Shares will be aggregated and, if possible, sold for the benefits of the Company.

The Shareholders concerned about losing out on any fractional entitlement are recommended to consult their professional advisers and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of the New Shares.

Odd lots trading arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the New Shares arising from the Capital Reorganisation and the Change in Board Lot Size, the Company has appointed Get Nice Securities Limited to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the New Shares to make up a full board lot, or to dispose of their holding of odd lots of the New Shares, during the period from 9:00 a.m. on Wednesday, 2 August 2023 to 4:00 p.m. on Tuesday, 22 August 2023 (both dates inclusive). The Shareholders who wish to take advantage of these services should contact Mr. Larry Ng of Get Nice Securities Limited at G/F-3/F., Cosco Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong or at telephone number (852) 2526-7868 during office hours of such period.

Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed. The Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

LETTER FROM THE BOARD

PROPOSED CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Existing Shares were traded on the Stock Exchange in existing board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange to 5,000 New Shares conditional upon the Capital Reorganisation becoming effective. Based on the closing price of HK\$0.016 per Existing Share (equivalent to the theoretical price of HK\$0.64 per Consolidated Share) as quoted on the Stock Exchange as at the date of the Announcements, (i) the value of each board lot of 20,000 Existing Shares is HK\$320; (ii) the value of each board lot of 20,000 New Shares would be HK\$12,800 assuming the Capital Reorganisation had become effective; and (iii) the value of each new board lot of 5,000 New Shares would be HK\$3,200 assuming the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE CAPITAL REORGANISATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the Existing Shares approaches the extremities of HK\$0.01 or HK\$9,995.00, the Company may be required either to change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “Guide”) has further stated that (i) market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. On this basis, the Board considers that it is appropriate to implement the Capital Reorganisation.

The Company has been constantly monitoring the trading prices of the Existing Shares. It was noted that the trading prices of the Existing Shares experienced a downward trend recently. The Board considers that the Capital Reorganisation will give the Company greater flexibility in pricing future capital raising exercise. At as the date of the Announcements, the closing price of the Existing Shares as quoted on the Stock Exchange is HK\$0.016 each and they have been traded below HK\$0.10 and the existing board lot value has been less than HK\$2,000 since 13 June 2022. The Board considers that the Capital Reorganisation and the Change in Board Lot Size are expected to bring about a corresponding upward adjustment in the trading price per new board lot of the New Shares. The Capital Reorganisation would also enable the share price and the value of the new board lot to comply with the minimum transaction costs for a securities trade with the expected board lot value of greater than HK\$2,000 as set out in the Guide under the Listing Rules. In addition, the Capital Reorganisation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the New Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge a minimum transaction cost for each securities trade. It is expected that the Capital Reorganisation would maintain the trading amount for each board lot at a reasonable level and attract a broader range of investors of the Company and thus further broaden the Shareholders’ base, including institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor. It is also expected that the liquidity in trading of the New Shares will increase accordingly.

LETTER FROM THE BOARD

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred or to be incurred, the implementation of the Capital Reorganisation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Board believes that the Capital Reorganisation will not have any material adverse effect on the financial position of the Group.

In view of the above reasons, the Board considers that the Capital Reorganisation and the Change in Board Lot Size are justifiable. Accordingly, the Board is of the view that the Capital Reorganisation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, apart from the Placing, the Company has no plan or intention to carry out any equity and/or other corporate actions which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation and the Change in Board Lot Size in the next twelve (12) months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future development of the Group. The Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

WARNING

The Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Capital Reorganisation and the Change in Board Lot Size; (ii) the above odd lots trading arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price. If they are in any doubt, they should consult their professional advisers.

LETTER FROM THE BOARD

THE PLACING AGREEMENT

On 29 May 2023 (after trading hours), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 50,000,000 Placing Shares at the Placing Price of HK\$0.50 per Placing Share (assuming the Capital Reorganisation has become effective) to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

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

Date

29 May 2023 (after trading hours)

Parties

- (a) The Company as the issuer; and
- (b) Kingston Securities Limited as the Placing Agent

Placing Agent

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 50,000,000 Placing Shares to not less than six (6) independent Placees who and whose ultimate beneficial owners are Independent Third Parties. The terms and conditions of the Placing Agreement were arrived at after arm's length negotiation between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on the current market conditions.

To the best of the Directors' knowledge, information and belief 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 were not interested in any other securities of the Company.

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 Placing. The 1% placing commission was determined after arm's length negotiation between the Company 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 Placing size and price performance of the Shares.

LETTER FROM THE BOARD

Set out below is the comparable placing commission rates which were charged by other placing agents recently conducted by other companies listed on the Stock Exchange:

Stock code	Name of listed company	Name of placing agent	Date of announcement	Placing commission
1655	Okura Holdings Limited	Space Securities Limited	30 March 2023	3.5%
8482	Wan Leader International Limited	Evergreen Securities Limited	6 April 2023	2.5%
767	Zhong Ji Longevity Science Group Limited	Cheer Union Securities Limited	20 April 2023	2%
1251	SPT Energy Group Inc.	China Galaxy International Securities (Hong Kong) Co., Limited	21 April 2023	1.5%
8620	Asia-express Logistics Holdings Limited	Grand China Securities Limited	28 April 2023	2%
1613	Synertone Communication Corporation	Sinomax Securities Limited	3 May 2023	2%
8239	Capital Finance Holdings Limited	Ruibang Securities Limited	5 May 2023	2%
8340	Zijing International Financial Holdings Limited	Pinestone Securities Limited	15 May 2023	1%
8412	New Amante Group Limited	Silverbricks Securities Company Limited	17 May 2023	1.5%
1715	Miji International Holdings Limited	I Win Securities Limited	18 May 2023	1%
6908	HG Semiconductor Limited	VC Brokerage Limited	23 May 2023	2.5%

LETTER FROM THE BOARD

With reference to the above comparables, the Board has made references to comparable placing exercises recently conducted by other companies listed on the Stock Exchange where their placing commission rates majority ranged from 1% to 3.5%. Therefore, the Directors consider that the 1% placing commission is fair and reasonable and is in line with the market rate.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six (6) Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement. The Placing Agent shall use its best endeavours to ensure that, among others, (i) each and every of the Placee who is an individual, institutional or professional investor is an Independent Third Party; (ii) the Company will meet the public float requirements under Rule 8.08 of the Listing Rules immediately after the Placing; (iii) no Placee(s) will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing upon the Completion; and (iv) no Placee(s) shall be required to make any mandatory general offer for the Shares pursuant to Rule 26.1 of the Takeovers Code. It is expected that none of the Placees nor their associates will become a substantial Shareholder immediately after the Placing. If any of the Placees will become a substantial Shareholder immediately after the Placing, further announcement(s) will be made by the Company in compliance with the Listing Rules. As at the Latest Practicable Date, no Placee(s) or potential Placee(s) have been identified.

Number of the Placing Shares

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

Ranking of the Placing Shares

The Placing Shares under the Placing will rank, upon issue under the Specific Mandate at the SGM, *pari passu* in all respects with Existing Shares or the Consolidated Shares or the New Shares (as the case may be) in issue on the date of allotment and issue of the Placing Shares.

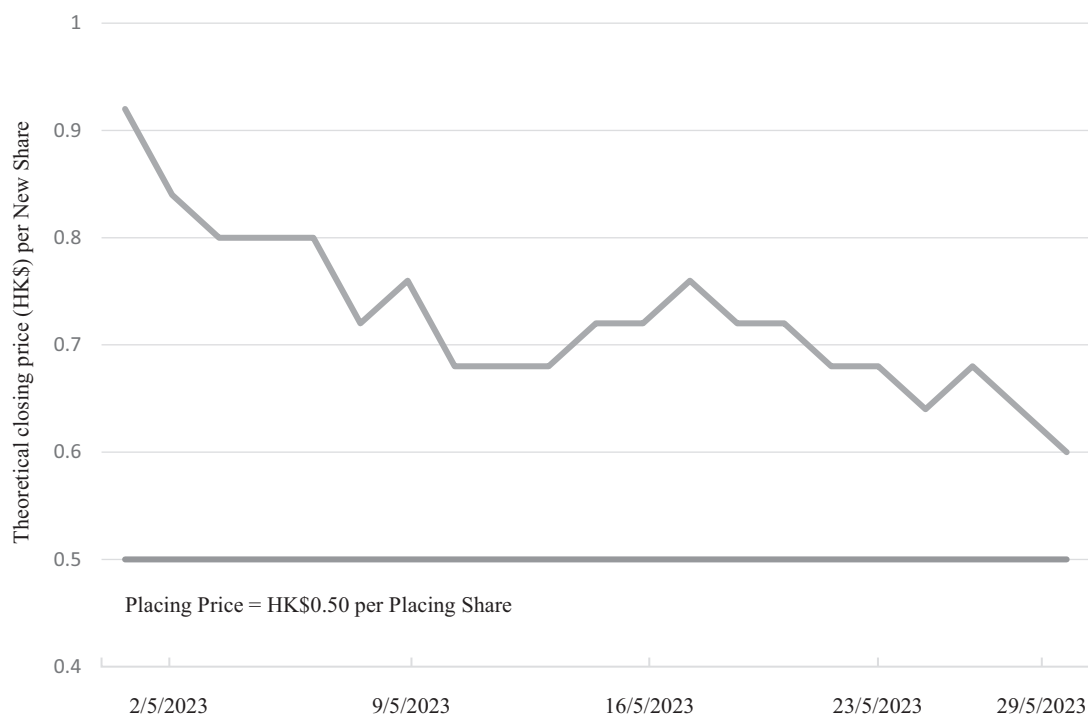
LETTER FROM THE BOARD

Placing Price

Assuming the 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 Share (equivalent to the theoretical closing price of HK\$0.64 per New Share) as quoted on the Stock Exchange on the date of the Placing Agreement (that is, 29 May 2023), being the Last Trading Day; (ii) a discount of approximately 24.70% to the average closing price of HK\$0.0166 per Existing Share (equivalent to the average theoretical closing price of HK\$0.664 per New Share) as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 28.16% to the average closing price of HK\$0.0174 per Existing Share (equivalent to the average theoretical closing price of HK\$0.696 per New Share) as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day; and (iv) a discount of approximately 10.71% to the closing price of HK\$0.014 per Existing Share (equivalent to the theoretical closing price of HK\$0.56 per New Share) as quoted on the Stock Exchange on the Latest Practicable Date.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price and the recent trading performance of the Existing Shares. In determining the Placing Price, the Directors have reviewed the closing prices of the Existing 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 Shares. The Directors consider that the Review Period could reflect the most recent trend of the prevailing market price of the Existing Shares. The following chart depicts the trend of the closing prices of the Existing Shares during the Review Period:

Chart 1: Share price performance during the Review Period



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

LETTER FROM THE BOARD

As shown in Chart 1 above, assuming the Capital Reorganisation has become effective, the theoretical closing prices of the New Shares fluctuated within the range from HK\$0.64 per New Share to HK\$0.84 per New Share. The average theoretical closing price of the New Shares 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 Shares during the Review Period.

In addition, the Directors have also reviewed the trading liquidity of the Existing 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 Shares during the Period:

Table 1: Trading volume of the Existing Shares during the Period

Month/Period	Total trading volume <i>(Number of Existing Shares)</i>	Number of trading days	Average daily trading volume <i>(Number of Existing Shares) (approximately)</i>	Average daily trading volume as a percentage of the total number of issued Existing 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 Shares divided by the total number of issued Existing Shares.

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

LETTER FROM THE BOARD

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 Share of approximately HK\$1.49 (equivalent to approximately HK\$59.6 per New Share) (as compared with the net asset value per Existing Share of approximately HK\$1.99 as of the Previous Placing) on the basis of the Company's total number of issued Existing Shares of 2,125,924,676 Existing Shares as at the Latest Practicable Date (equivalent to 53,148,116 New Shares, assuming the 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 Shares had been traded at a deep discount of an average of approximately 99.2% to the net asset value per Existing Share throughout the Period, and the market price of the Existing Shares has already reflected the expectation of the investors to the Company (such as its financial results and corporate actions) and the recent market sentiment, the Directors are of the view that it is reasonable to make references to the prevailing market price of the Existing Shares, rather than the net asset value per Existing Share in determining the Placing Price and that the discount of the Pricing Price to the net asset value per Existing Share which reflects the fair value of the Existing Share is justifiable. Over the past year, the Group continued to face up to multiple challenges amidst the softening worldwide economic growth, volatility in the financial markets, in particular the high interest rates which have affected its business operations. 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 and potential investors of the Company to participate in the Placing. As such, the Board is of the view that the Placing Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Existing Shares. Taking into account (i) the recent trading performance of the Existing Shares; and (ii) the low average daily trading volume of the Existing Shares from December 2022 to April 2023 during the Period, and the Period, the Directors consider that it is reasonable and necessary to set the Placing Price at a discount to the recent market price of the Existing Shares so as to attract the Placees and potential investors of the Company to participate in the Placing under the current market conditions. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement (including the Placing Price and the 1% placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Subject to the Completion, assuming only the 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 Placing) from the 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 Capital Reorganisation has become effective). The Company intends to use the net proceeds for repayment of the Group's bank loan.

LETTER FROM THE BOARD

Conditions of the Placing Agreement

The Completion is conditional upon the fulfilment of all of the following conditions:

- (a) the duly passing of resolution(s) at the SGM by the Shareholders in relation to (i) the Capital Reorganisation; and (ii) the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) the 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 Shares;
- (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 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 Placing shall be terminated and the Placing shall not proceed and all obligations and liabilities of the Placing Agent and those of the Company 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 is subject to the Shareholders' approval and therefore the Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Placing and transactions contemplated thereunder including the grant of the Specific Mandate and therefore, no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Placing Agreement and the Specific Mandate at the SGM. The Placing Agreement is conditional upon the shareholders' approval of Easyknit.

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

LETTER FROM THE BOARD

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 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 Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the 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 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 the Company or the Placing Agent to proceed with the Placing.

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

- (i) the Company 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 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 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 Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

LETTER FROM THE BOARD

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company 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.

Completion

The Completion, in any event, will take place on the Completion Date after the fulfillment of the conditions set out in section headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing.

Application for Listing

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

None of the share capital or debt securities of the Company 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.

Specific Mandate

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

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

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

Subject to the Completion, assuming only the 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 Placing) from the 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 Capital Reorganisation has become effective). The Company intends to use the net proceeds for repayment of the Group’s bank loan.

LETTER FROM THE BOARD

The Board is of the view that the Placing will strengthen the financial position of the Company and provide funding to the Company to repay the outstanding bank loan and lower the gearing ratio of the Group. The Placing also represents a good opportunity to broaden the Shareholders' base and the capital base of the Company.

The Group intends to utilize the raised proceeds to repay partially a bank loan with approximately HK\$46.3 million outstanding principal as at the date of the 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 Group. Interest rate of the loan is HIBOR plus 1.8% which is comparatively higher than other similar loans of the Group, with interest rates ranging from HIBOR plus 1.3% to HIBOR plus 1.55%.

As at 30 September 2022, the 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 Group was approximately 56% which was considered high by the management of the 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 Group. Although the 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 Group had a net asset value of over HK\$3,000 million and having intense investments in property development projects. In particular, for the period from October 2022 to May 2023, the 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 operations of over HK\$30 million, all outflows of which totalling over HK\$150 million. Given the above and having considered other relevant factors, the Board considers that it would be more viable for the Group to solicit equity funding externally instead of utilizing its internal funds to partially settle the outstanding bank loans.

As at the Latest Practicable Date, save as disclosed in this letter from the Board, the Company currently (i) does not have any agreement, arrangement, understanding, intention or negotiation (either concluded or in process) for acquisition(s) or disposal(s); and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve (12) months. The Directors are of the opinion that the Company will have sufficient finance to meet all its funding needs (including regular repayments of outstanding debts, construction costs payable and operating expenses) for operations of the Group in the next twelve (12) months after the Completion. As at the Latest Practicable Date, the Company has no intention or plan to conduct any debt and/or equity fund-raising exercises in the next twelve (12) months. However, the Board cannot rule out such possibility and in the event there are suitable opportunities arise in order to support future development of the Group, the Company will make further announcement(s) in this regard in accordance with the Listing Rules as and when appropriate.

As regard to interest expense burden of the Group, reference does not specially mean particular bank loan, instead refer to the overall financial burden created by the Group's high level of outstanding bank loan balance, and the surging HIBOR.

LETTER FROM THE BOARD

Below is a table showing the loan balance, gearing ratio and interest rate of the Group at different reference timeline:

Date	Outstanding loan balance <i>HK\$' million</i> <i>(approximately)</i>	Net asset value <i>HK\$' million</i> <i>(approximately)</i>	Gearing ratio <i>(approximately)</i>	1-month HIBOR
31 March 2022	1,662.3	3,015.2	55%	0.3%
30 September 2022	1,761.7	3,167.1	56%	2.6%
31 May 2023 <i>(note)</i>	1,921.6	3,231.1	59%	4.5%

Note: The figures of 31 May 2023 are unaudited and unpublished.

As seen from the above table, outstanding loan balance of the Group has increased from approximately HK\$1,662.3 million to approximately HK\$1,921.6 million or approximately 15.6% from 31 March 2022 to 31 May 2023. Gearing ratio of the Group has also surged from approximately 55% to approximately 59% during the same period. After the Completion, outstanding loan balance of the Group will be reduced due to the partial repayment by the net proceeds of the Placing of approximately HK\$24.7 million; and the net asset value of the Group will be increased by the same net proceeds amount. As a result, the gearing ratio of the Group will become approximately 58%. More importantly, market interest rate as represented by 1-month HIBOR has skyrocketed from approximately 0.3% to approximately 4.5%, that is increased by approximately 15 times at the same time. Out of the approximately HK\$1,921.6 million outstanding loan balance of the Group as at 31 May 2023, approximately HK\$1,407.6 million (that is, approximately 73%) had adopted 1-month HIBOR as the determination of interest rate.

As a result of this, not to mention the increase of the Group's outstanding loan balance during the period, interest expense would have been increased by nearly HK\$5.8 million per month (or approximately HK\$70 million per annum) even if the outstanding loan balance has not changed since 31 March 2022.

The Group is engaged in a capital intensive industry of property development which requires substantial internal and external financial resources. At present, the Group's interest expense amounts to approximately HK\$9.6 million per month (or approximately HK\$115.2 million per annum), this has been posing a considerable burden to the Group which has around HK\$3,000 million of net assets only. Outstanding loan balance is expected to further increase as the Group still has four (4) property development projects progressing in different stages of construction.

Loan maturity is not the one and only factor for assessing the repayment of loan, but also the all-in interest rate involved, and other relevant factors as well. The longer maturity of the subject loan would normally imply that it will have lesser chance of being renewed with more favourable terms to the Group in the near future. On the other hand, the subject loan has an interest rate of HIBOR plus spread of 1.8% while other similar loans of the Group are all below with spread of 1.55% or below. It would be more legitimate to partial repay a loan with a higher interest charge.

LETTER FROM THE BOARD

Although the Group is estimated to have a cash balance of approximately HK\$80 million by May 2023 based on the previous estimation, it will have to meet the following payment obligations for the next three (3) months after May 2023, including unfinanced construction costs of various property development projects of approximately HK\$20 million, loan principal and interest repayment of approximately HK\$36 million, as well as recurring daily operating expenses of approximately HK\$12 million, totalling approximately HK\$68 million which will leave the expected cash balance to become approximately HK\$12 million only thereafter. It is important to emphasize that the increasingly higher gearing ratio of the Group will likely to affect its prospects in obtaining new and further finance from financial institutions. The Board thus believes that raising of additional fund, even though the amount is relatively small, will nevertheless help ease interest burden and improve overall financial position of the Group.

The Directors consider that, taking into account the above, it is both prudent and important to retain sufficient working capital and strengthen financial position of the Group so as to accommodate the operating cash expenses of the Group and to secure against any unexpected increase in costs or be able to respond to any unforeseen capital requirements in the future. It would therefore not be in the interests of the Company and the Shareholders to rely solely on or even to deplete the existing limited working capital to fund the expenditures of the Group in the future as it could create operational difficulties, especially during global economic uncertainties, market volatility and other external unforeseeable circumstances. Therefore, the Board is of the view that the Placing provides a desirable alternative for the Group.

The Directors have considered various fund-raising methods such as assets realisation, debt financing and/or other equity financing options to meet the liquidity needs of the Group before resolving to the Placing. The Board is of the view that the Placing is in the interests of the Company and the Shareholders as a whole based on the following considerations:

Assets realisation

Before entering into the Placing Agreement, the Group had entered into two (2) separate sale and purchase agreements to dispose of two (2) residential units in Singapore respectively. As disclosed in the Company's circular dated 25 November 2022, completion for the sale and purchase of one (1) of the said residential units took place in December 2022 and the proceeds raised of approximately HK\$68.8 million (including approximately HK\$27.2 million for repayment of a revolving bank loan, interest and other loan related obligations, approximately HK\$38.0 million for payment of construction costs of properties held for development and approximately HK\$3.6 million for the Group's general working capital and expenses during the period from January to April 2023) had been fully utilized as at the Latest Practicable Date. The Company had not lump sum applied the above proceeds towards only to the repayment of the previously mentioned loan from Hang Seng Bank Limited since the Group had to meet regular repayment obligations of various bank loan principals and interests every month, as well as other loan related ancillary payments. The Company has to ensure that all such obligations are being met every month in order that no loan covenants will be breached. For the disposal of the other residential unit as disclosed in the joint circular of Easyknit and the Company dated 8 May 2023, completion of which is expected to take place in July 2023, and the proceeds (after repayment of bank loan and relevant transaction costs) of approximately HK\$64.6 million (including approximately HK\$15.6 million for administrative expenses, salaries and other operating expenses, approximately HK\$40.0 million for construction costs of various property development projects and approximately HK\$9.0 million for the Group's general working capital) which is expected to be fully utilised by

LETTER FROM THE BOARD

September 2023. Besides, two (2) construction loans (for two (2) property development projects to be completed within 2023) with facility amount up to approximately HK\$800.4 million in total will be due by the third and fourth quarters of 2023. If the Company plans to hold the completed property for rental yield and refinance the existing construction loans as mortgage loans, it shall have to reserve certain amount of funds as buffer for shortfall, if any that will have to be repaid to bank upon refinancing.

As at 30 September 2022, properties held for development of sale of approximately HK\$3,104.8 million comprises four (4) property development projects, including one (1) commercial, one (1) residential and two (2) industrial developments. All of these projects are currently under construction stages of foundation or superstructure. Two (2) of which are expected to complete by the third and fourth quarters of 2023, one (1) by the first quarter of 2025 and the remaining one (1) by the third quarter of 2026.

Except for the residential project which is expected to complete and arranged for sale in 2025, the Group currently has no concrete plan or actual action to arrange for disposal of the other three (3) remaining commercial and industrial projects which are initially planned for long-term rental purpose. Nevertheless, the Group will actively review the market conditions, its financial position and performance, and determine the best possible action plans for these projects.

As for the financial assets and debt instruments of over approximately HK\$100.0 million, the majority of which is unlisted investments, including notes, funds and equity investments that cannot be readily realized or lack of an active open market.

The Directors have considered and intended to sale by the Group the remaining one (1) residential unit in Singapore but the proposed disposals could not be reached to agreements despite of having various interested parties due to the negative impact arising from Singapore hikes property stamp duties in late April 2023 and prevailing market conditions. The Directors have also considered the sale of the Group's other investment properties. However, in view that (i) most of the investment properties had been mortgaged with banks; (ii) the need to maintain assets to generate recurring rental income to the Group; and (iii) the currently unfavourable market conditions and overall economic uncertainties, the Board needs to balance assets realisation as well as generation of recurring income for the Group's daily operations and the Board is therefore of the opinion that raising new source of fund through the Placing would be more viable, feasible and in the best interests of the Group and the Shareholders as a whole.

Debt financing

Debt financing is usually subject to the Group's existing financial position. In view of the Group's amount of outstanding bank borrowings and the amount of funds required, further debt financing may subject to lengthy due diligence and negotiations and possibly unfavourable high interest rate with the financial institutions. In addition, the net proceeds from the Placing are intended to be used for repayment of the Group's bank loan and thus lowering the gearing ratio of the Group while debt financing will impose additional interest burden on the Group which will, in turn, worsen the Group's financial performance and gearing ratio. As at 30 September 2022, the Group's gearing ratio, which is calculated as a ratio of bank borrowings to Shareholders' equity was approximately 0.6. Given the above considerations, the Board considers that it would be difficult for the 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 Group.

LETTER FROM THE BOARD

Other equity financing options

As for pre-emptive funding raisings such as rights issue or open offer, the Directors considered that the rights issue or open offer may incur comparatively higher costs when compared with the Placing in relation to the engagement of reporting accountants, financial adviser and brokerage agent which cost 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 Placing) which might in turn cause an adverse impact on the financial condition of the Group, and possibly require a relatively longer time period of usually more than three (3) months to complete in view of the relatively 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 Placing; (ii) the relatively higher costs for conducting rights issue or open offer due to additional costs for engagement of various professional parties; (iii) the relatively longer period of time for completion which involves more stringent documentary and registration requirements, the Board does not consider pre-emptive issues (including rights issue and open offer) to be desirable alternatives to the Placing and are of the view that the Placing and the terms and conditions of the Placing Agreement thereof are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

The Board is aware of the potential dilution effect of the Placing on the existing public 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 Shareholders upon Completion as the Placing Agent undertook in the Placing Agreement that no Placees would become a substantial Shareholder as a result of the Placing. Nevertheless, having taken into account (i) the funding needs of the Company as abovementioned; (ii) the benefits of increasing the working capital and strengthening the financial position of the Group without increasing its financing costs and lowering the gearing ratio of the Group; and (iii) the fact that the Placing is subject to the Shareholders' approval and therefore the Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing, the Directors consider that the benefits of the Placing outweigh the potential dilution effect to the existing public Shareholders was justified and accordingly, in the interests of the Company and the Shareholders as a whole.

Based on the above, taking into consideration the assets realization, debt financing and other equity financing options (such as rights issue or open offer), the Placing is a feasible and cost-and-time effective fund-raising solution for the Company than the other alternatives and the net proceeds from the Placing of approximately HK\$24,660,000 will be used for repayment of the bank loan of the Group so as to strengthen the financial position of the Group which in turn, by way of saving the interest expense and lowering the gearing ratio, and to retain sufficient working capital of the Group in the future. Facing the prevailing market conditions, the Board has continued to develop steadily, preparing for the challenges ahead while harnessing the opportunities for the Group's sustainable growth.

LETTER FROM THE BOARD

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable, and are on normal commercial terms and it is in the best interests of the Company and the Shareholders as a whole to proceed with the Placing and therefore recommend the Shareholders to vote in favour of the resolution(s) to approve the Placing Agreement and transactions contemplated thereunder at the SGM.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the 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 the Company from the Latest Practicable Date up to the Completion) are set out as follows:

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

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

LETTER FROM THE BOARD

ADJUSTMENT IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

As at the Latest Practicable Date, the Company has outstanding 2023 Convertible Note which is convertible into 1,971,698,113 Existing Shares at an initial conversion price of HK\$0.106 per conversion Existing Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Under the relevant terms and conditions of the 2023 Convertible Note, the Capital Reorganisation and the Placing may lead to adjustment to the conversion price and the number of the New Shares falling to be issued upon conversion of the 2023 Convertible Note. The Company will make further announcement(s) on such adjustment as and when appropriate.

Save for the aforesaid, as at the Latest Practicable Date, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Existing Shares or the Consolidated Shares or the New Shares (as the case may be).

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE (12) MONTHS

Date of announcement	Equity fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the date of this announcement
27 July 2022	Placing of new shares under specific mandate	Approximately HK\$40,800,000	For the Group's general working capital	All proceeds were fully utilized as intended use

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past twelve (12) months immediately preceding the Latest Practicable Date.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the proposed Capital Reorganisation and the Placing and transactions contemplated thereunder.

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, Hong Kong on Monday, 17 July 2023 at 11:00 a.m. is set out on pages N-1 to N-4 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign the accompanying 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 possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and, in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

Pursuant to Rule 13.39 of the Listing Rules, the resolutions as set out in the notice of SGM will be voted on by way of poll at the SGM, the results of which will be announced by the Company after the SGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Capital Reorganisation and the Placing and transactions contemplated thereunder including the grant of the Specific Mandate and therefore, no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Capital Reorganisation and the Placing Agreement and the Specific Mandate at the SGM.

Save as disclosed in this circular, the Company has not conducted any rights issue, open offer or specific mandate placing within the twelve (12)-month period immediately preceding the date of the Announcements, or prior to such twelve (12)-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve (12)-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offer and/or specific mandate placing within such twelve (12)-month period. The Placing and the Previous Placing, in aggregate, do not result in a theoretical dilution effect of 25% or more. As such, the aggregate theoretical dilution impact of the Placing and the Previous Placing is in compliance with Rule 7.27B of the Listing Rules.

As at the Latest Practicable Date, the Directors are of the opinion that, after taking into account the amount of net proceeds to be raised from the Placing, in the absence of unforeseeable circumstances, the Group has sufficient working capital for its requirements for the next twelve (12) months and the Company has no present plan or intention to conduct, or has not entered into any agreement, arrangement, undertaking or negotiation in relation to, any equity fund raising activities in the next twelve (12) months. The Company will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

WARNING

The Shareholders and potential investors of the Company should note that (i) the Capital Reorganisation is conditional upon the fulfillment of the conditions as set out in the section headed "Conditions of the Capital Reorganisation" in this circular and the Change in Board Lot Size is conditional upon the Capital Reorganisation becoming effective; and (ii) the Completion is subject to the fulfillment or waiver of the conditions as set out in the section headed "Conditions of the Placing Agreement" in this circular. Accordingly, the Capital Reorganisation, the Change in Board Lot Size and the Placing may or may not proceed. The Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 12 July 2023 to Monday, 17 July 2023, both dates inclusive. During such period, no share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of the shares 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 no later than 4:30 p.m. on Tuesday, 11 July 2023.

RECOMMENDATION

The Board is of the opinion that the Capital Reorganisation, and the terms and conditions of the Placing Agreement are on normal commercial terms, are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the respective resolutions to approve the Capital Reorganisation and the Placing Agreement and transactions contemplated thereunder at the SGM.

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, 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 in this circular misleading.

Yours faithfully,
By order of the Board
EMINENCE ENTERPRISE LIMITED
Lai Law Kau
Chairman and Chief Executive Officer

NOTICE OF SPECIAL GENERAL MEETING



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of Eminence Enterprise 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 at 11:00 a.m. on Monday, 17 July 2023 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed with or without amendments, as resolutions of the Company:

SPECIAL RESOLUTION

“**THAT**, subject to and conditional upon (i) the listing committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and permission to deal in, the New Shares (as defined below); and (ii) compliance with relevant procedures and requirements under the Companies Act 1981 of Bermuda and the Rules Governing the Listing of Securities on the Stock Exchange to effect the Capital Reorganisation (as defined below), with effect from the one (1) clear business day immediately after the date on which this resolution is passed by the shareholders of the Company (the “**Shareholders**”) or the above conditions are fulfilled (whichever is later):

- (a) every forty (40) issued and unissued existing shares in the issued share capital of the Company of par value of HK\$0.01 each be consolidated into one (1) consolidated share (the “**Consolidated Share(s)**”) of par value of HK\$0.40 each (the “**Share Consolidation**”);
- (b) immediately following the Share Consolidation becoming effective, the issued share capital of the Company be reduced from an amount of HK\$21,259,246.76 by an amount of HK\$20,727,765.60 to an amount of HK\$531,481.16 such that the par value of each issued Consolidated Share be reduced from HK\$0.40 to HK\$0.01 by (i) an elimination of any fraction of a Consolidated Share arising from the Share Consolidation in order to round down the total number of the Consolidated Shares to a whole number; and (ii) a cancellation of HK\$0.39 of the paid-up capital of the Company on each issued Consolidated Share so that each issued Consolidated Share will be treated as one (1) fully paid-up share of par value HK\$0.01 each in the share capital of the Company (the “**New Share(s)**”) (the “**Capital Reduction**”) and the credit arising from the Capital Reduction be transferred to the contributed surplus account of the Company;

NOTICE OF SPECIAL GENERAL MEETING

- (c) immediately following the Share Consolidation and the Capital Reduction becoming effective, each authorised but unissued Consolidated Share (including those authorised unissued Consolidated Shares arising from the Capital Reduction) be subdivided into forty (40) authorised but unissued New Shares of par value HK\$0.01 each (the “**Share Subdivision**”) so that immediately following the Share Consolidation, the Capital Reduction and the Share Subdivision (collectively, the “**Capital Reorganisation**”), the authorised share capital of the Company shall become HK\$400,000,000 divided into 40,000,000,000 New Shares;
- (d) the New Shares shall rank *pari passu* in all respects with each other and have such rights and be subject to such restrictions as set out in the memorandum of association and bye-laws of the Company (the “**Bye-laws**”);
- (e) all fractional New Shares shall be disregarded and not be issued to the Shareholders and any fractions of the New Shares be aggregated and, if possible, sold by an agent appointed by the Company for that purpose and the net proceeds retained for the benefits of the Company;
- (f) the directors of the Company (the “**Director(s)**”) be and are hereby authorised to credit the amount arising from the Capital Reduction to the contributed surplus account of the Company and the Directors may use such amount for such purposes as may be permitted by the applicable laws and the Bye-laws as the Directors consider appropriate; and
- (g) any one Director, or any two Directors or any one Director and the company secretary of the Company (the “**Company Secretary**”) be and is or are hereby authorised to do all such acts and things and execute all such documents on behalf of the Company, including under the common seal of the Company where applicable, and take any and all steps, and to do and/or procure to be done any and all acts and things as he or she or they may consider necessary, desirable or expedient to give effect to the Capital Reorganisation.”

ORDINARY RESOLUTION

“**THAT**

- (a) subject to and conditional upon the fulfilment of the conditions in the conditional placing agreement dated 29 May 2023 (the “**Placing Agreement**”) (a copy of which is produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification has been produced to the Meeting) entered into between the Company as the issuer and Kingston Securities Limited as the placing agent in relation to the placing of up to 50,000,000 new ordinary shares of HK\$0.01 in the capital of the Company (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;
- (b) the Directors be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Placing Shares, subject to and in accordance with the terms and conditions set out in the Placing Agreement; and

NOTICE OF SPECIAL GENERAL MEETING

- (c) any one Director, or any two Directors or any one Director and the Company Secretary (with a common seal of the Company be affixed, if required) be and is or are hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements, and to do all such acts or things deemed by him or her or them to be incidental to, ancillary to or in connection with the matters contemplated in the Placing Agreement as he or she or they consider(s) necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement and transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares).

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

Hong Kong, 23 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 Building, Phase 6
481–483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. Any Shareholder entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his/her proxy to attend and vote instead of him or her. A Shareholder who is the holder of two or more shares of the Company (the “**Share(s)**”) may appoint more than one proxy to represent him or her and on his or her behalf at the Meeting. A proxy need not be a Shareholder. In addition, a proxy or proxies representing either a Shareholder who is an individual or a Shareholder which is a corporation shall be entitled to exercise the same power on behalf of the Shareholder which he or she or they represent(s) as such Shareholder could exercise.
3. Where there are joint registered holders of any Share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such Share as if he or she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company (the “**Register of Members**”) in respect of such Share shall alone be entitled to vote in respect thereof.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at 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 forty-eight (48) hours before the time for holding the Meeting or any adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.

NOTICE OF SPECIAL GENERAL MEETING

6. For determining the entitlement to attend and vote at the Meeting, the Register of Members will be closed from Wednesday, 12 July 2023 to Monday, 17 July 2023 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify to attend and vote at the Meeting, all transfers forms of the Shares 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 no later than 4:30 p.m. on Tuesday, 11 July 2023, for registration.
7. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
8. All resolutions set out in this notice will be taken by poll at the Meeting.

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

In case of any inconsistency, the English version of this notice shall prevail over the Chinese version.