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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Eminence Enterprise Limited**, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the stockbroker, the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed “16. Documents delivered to the Registrar of Companies in Hong Kong” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. You should consult your stockbroker or licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.



## EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

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Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus, unless the context requires otherwise. The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 22 January 2025 (or such other time and date as may be determined by the Company). The procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares are set out on pages 13 to 18 of this Prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Friday, 27 December 2024. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 10 January 2025 to Friday, 17 January 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 10 January 2025 to Friday, 17 January 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be made available for excess application under the EAFs. There is no minimum amount to be raised under the Rights Issue.**

8 January 2025

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## DEFINITIONS

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*In this Prospectus, the following expressions have the following meanings unless the context requires otherwise:*

“2023 Convertible Note”	the 5% per annum coupon rate convertible note issued to Goodco by the Company in the principal amount of HK\$209,000,000 (before the Partial Redemption, as defined in the latter section of this Prospectus) conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into Shares on the basis of a revised conversion price at present HK\$0.18 per conversion share (subject to adjustments) details of which were set out in the joint circular of Easyknit and the Company dated 21 January 2023, the circular of the Company dated 6 March 2024 and the announcement of the Company dated 17 April 2024
“Announcement”	the announcement issued by the Company dated 15 October 2024 in relation to, among other things, the Rights Issue
“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, Sunday and public holidays 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
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular issued by the Company dated 29 November 2024 in relation to, among other things, the Rights Issue and the transactions contemplated thereunder
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

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## DEFINITIONS

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“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“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), and a Shareholder
“Easyknit Group”	Easyknit and its subsidiaries
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability, the holder of the 2023 Convertible Note, an indirect wholly-owned subsidiary of Easyknit and a Shareholder
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Rights Issue and transactions contemplated thereunder

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## DEFINITIONS

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“Independent Shareholders”	the Shareholders, other than those who are required under the Listing Rules to abstain from voting at the SGM
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 October 2024 from Goodco to the Company
“Last Trading Day”	15 October 2024, being the date of the Announcement
“Latest Practicable Date”	Thursday, 2 January 2025, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 22 January 2025 as the latest time and date for acceptance of, and payment for, Rights Shares
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) (if any) in respect of whom the Directors, based on legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Wednesday, 8 January 2025 as the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China

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## DEFINITIONS

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“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of a 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 23 January 2024, details of which have been disclosed in the joint announcement and joint circular of Easyknit and the Company dated 23 January 2024 and 29 February 2024 respectively
“Prospectus”	the prospectus issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PALs and the EAFs
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Tuesday, 7 January 2025 as the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Secretaries Limited
“Revolving Loan”	the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by the Group to the Easyknit Group pursuant to the Revolving Loan Agreement
“Revolving Loan Agreement”	the conditional revolving loan agreement dated 29 August 2023 in relation to the Revolving Loan
“Rights Issue”	the proposed issue of the Rights Shares by way of rights issue to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarized herein
“Rights Share(s)”	676,296,232 Rights Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of two (2) Rights Shares for every one (1) existing Share held at the Record Date pursuant to the Rights Issue
“SFC”	The Security and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened and held at which the resolution was duly passed approving the Rights Issue

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.092 per Rights Share
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for the Rights Issue which is for indicative purposes only and is subject to change. It has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.*

<b>Events</b>	<b>Date and Time 2025 (Hong Kong time)</b>
First day of dealings in nil-paid Rights Shares . . . . .	Friday, 10 January
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Tuesday, 14 January
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 17 January
<b>Latest time for the acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares . . . . .</b>	
	<b>4:00 p.m. on Wednesday, 22 January</b>
Announcement of the results of the Rights Issue . . . . .	Monday, 3 February
Refund cheques despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares . . . . .	Tuesday, 4 February
Certificates for fully-paid Rights Shares to be despatched. . . . .	Tuesday, 4 February
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 5 February

All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this Prospectus are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the Listing Rules.



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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 22 January 2025. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 22 January 2025. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Wednesday, 22 January 2025, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

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## LETTER FROM THE BOARD

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### 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

8 January 2025

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE  
HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS**

#### INTRODUCTION

References are made to the Announcement and the Circular.

At the SGM, the necessary resolution for approving, among other things, the Rights Issue was duly passed by the Independent Shareholders.

The purpose of this Prospectus is to provide you with, among other things, further details of the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares, together with the financial information and other general information of the Group.

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## LETTER FROM THE BOARD

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### RIGHTS ISSUE

The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. Details of the Rights Issue are set out as follows:

#### Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every One (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.092 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	338,148,116 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	676,296,232 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$6,762,962 (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	Up to 1,014,444,348 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) be allotted and issued on or before completion of the Rights Issue)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	Up to approximately HK\$62.2 million (assuming no changes in the number of Shares in issue on or before the Record Date)
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

Save for the outstanding 2023 Convertible Note, as at the Latest Practicable Date, the Company does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares.

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## LETTER FROM THE BOARD

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Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 676,296,232 Rights Shares to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 200.00% of the issued share capital of the Company as at the Latest Practicable Date and will represent approximately 66.67% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees Limited) for (i) his/her/its assured entitlement; and (ii) excess Rights Shares under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

**Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.**

### **Basis of allotment**

The basis of allotment will be two (2) Rights Shares for every one (1) existing Share held on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Wednesday, 22 January 2025.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

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## LETTER FROM THE BOARD

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### Subscription Price

The Subscription Price for the Rights Shares is HK\$0.092 per Rights Share, payable in full when a Qualifying Shareholder accepts the allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 4.55% to the closing price of HK\$0.088 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 8.00% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 24.34% to the average closing price of approximately HK\$0.1216 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 25.99% to the average closing price of approximately HK\$0.1243 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 2.85% to the theoretical ex-rights price of HK\$0.0947 per Share after the Rights Issue, based on the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 98.98% to the audited net asset value per Share of the Group of approximately HK\$9.011 per Share, which is calculated by dividing the audited net asset value of the Group of approximately HK\$3,047 million as at 31 March 2024 as shown in the Company's annual report for the year ended 31 March 2024 by the number of Shares in issue as at the Latest Practicable Date;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.30%, represented by the theoretical diluted price of approximately HK\$0.1064 per Share to the benchmarked price of approximately HK\$0.1352 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on 15 October 2024, being the Last Trading Day of HK\$0.100 per Share and the average of the closing prices as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Latest Practicable Date of approximately HK\$0.1352 per Share); and
- (viii) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the Previous Placing represented by a discount of approximately 23.17%, represented by the cumulative theoretical diluted price of approximately HK\$0.1504 per Share to the theoretical benchmarked price of approximately HK\$0.1958 per Share in respect of the Previous Placing (as defined under Rule 7.27B of the Listing Rules).

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## LETTER FROM THE BOARD

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The net price per Rights Share (after deducting the relevant estimated expenses) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.0905.

The Subscription Price was determined by the Company, having considered various factors including (i) the existing financial condition and imminent funding requirements of the Group; (ii) the recent market price of the Shares under the prevailing market conditions; (iii) the recent volatility of the capital market in Hong Kong; (iv) the necessity to increase the attractiveness of the Rights Issue by offering Qualifying Shareholders the opportunity to participate in the Rights Issue at a considerable discount to the current market prices of the Shares of the Company; and (v) the equal opportunity being offered to each of the Qualifying Shareholders for the subscription of the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

The Company is of the view that the market price of the Shares is the fundamental reference for the Qualifying Shareholders to consider whether to subscribe for Rights Shares. The huge discount to the Company's unaudited net asset value per Share is due to the fact that the Shares have been traded at a price representing a low price-to-book ratio (PB ratio), which is not uncommon for the property developers listed in Hong Kong. If the Subscription Price is set at a level close to the Company's audited net asset value per Share (i.e. approximately HK\$9.011 per Share), it will represent a huge premium of almost 90 times as compared to the price of Shares of HK\$0.100 on the Last Trading Day. In order to maintain the attractiveness of the Rights Issue and offer Qualifying Shareholders the opportunity to participate in the Rights Issue, it is necessary to set the Subscription Price at a considerable discount to the current market prices of the Shares, which is considered fair and reasonable from the view of the Directors.

The Company has reviewed the closing prices of the Shares during the six months period from 16 April 2024 and up to and including 15 October 2024, being the Last Trading Day (the "**Review Period**"), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the Shares. From the commencement of the Review Period up to the end of the Review Period, the Shares were traded on the Stock Exchange with a closing price of HK\$0.201 to HK\$0.100 respectively, downed by approximately 50.25%. In addition, since 13 June 2024 (the date of the highest closing price of the Share of HK\$0.46 during the Review Period), the closing price of the Shares continued to fluctuate downward to HK\$0.100 at the end of the Review Period, representing a decrease of around 78.26%.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as stated in the section headed "Reasons for the Rights Issue and the Use of Proceeds" in this Prospectus, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

### **Status of the Rights Shares**

The Rights Shares, when allotted, fully-paid and issued, shall rank pari passu in all respects with Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

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## LETTER FROM THE BOARD

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### **No fractional entitlement to the Rights Issues**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares, if any, will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

### **Odd lot arrangement**

No odd lot matching services will be provided.

### **Procedures for acceptance and payment or transfer**

A PAL will be sent to the Qualifying Shareholders in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Wednesday, 22 January 2025 (or, under bad weather conditions, such later time or date as mentioned in the section headed “Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares and Application and Payment for the excess Rights Shares” in “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “Eminence Enterprise Limited – RIGHTS ISSUE ACCOUNT” and crossed “Account Payee Only”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 22 January 2025, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company is not obliged to but may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 14 January 2025 to the Registrar, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar’s address set out above after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid rights. It should be noted that Hong Kong stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

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## LETTER FROM THE BOARD

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If the Qualifying Shareholders wish to transfer all of their nil-paid Rights Shares under the PAL(s) (or a split PAL(s), as the case may be) to another person, they must complete and sign Form B in the PAL(s) and hand the PAL(s) to the person(s) to or through whom they are transferring their nil-paid rights. The transferee must then complete and sign Form C in the PAL(s) and lodge the PAL(s) intact together with a remittance for the full amount payable on acceptance with the Registrar, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong so as to be received by no later than 4:00 p.m. on Wednesday, 22 January 2025 to effect the transfer. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of rights to subscribe for the Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable securities or other laws or regulations of any jurisdiction.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus is not fulfilled or waived at or before 4:00 p.m. on Tuesday, 28 January 2025 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or about Tuesday, 4 February 2025. No receipt will be given for such remittance.

### **Cheques and banker’s cashier orders**

All cheques or banker’s cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or banker’s cashier order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker’s cashier order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right and is in its absolute discretion to reject any PAL in respect of which the cheque or banker’s cashier order is dishonoured upon first presentation, and in that event the provisional allotment and all rights and all such assured entitlements thereunder will be deemed to have been declined and will be cancelled.



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## LETTER FROM THE BOARD

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### **Beneficial owners' instructions to their intermediary**

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or “split” their nil-paid rights by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their intermediary and provide their intermediary with instructions or make arrangements with their intermediary in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of their intermediary in order to allow their intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or “splitting” in these cases shall be in accordance with the General Rules of HKSCC, the HKSCC Operational Procedures and any other applicable requirements of HKSCC.

### **Application for excess Rights Shares**

The Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

The excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Wednesday, 22 January 2025.

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## LETTER FROM THE BOARD

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The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is greater than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAF(s). In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots.

The Company reserves the right to treat as invalid any application for the excess Rights Shares where it believes that such application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar on or before 4:00 p.m. on Wednesday, 22 January 2025. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "Eminence Enterprise Limited – EXCESS APPLICATION ACCOUNT" and crossed "Account Payee Only".

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post to their registered address and at their own risk by the Registrar on or before Tuesday, 4 February 2025.

If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to their registered address at their own risk by the Registrar on or before Tuesday, 4 February 2025.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

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## LETTER FROM THE BOARD

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The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. If you are in any doubt as to your position, you should consult a professional adviser.

No receipts will be given in respect of any application monies received.

If any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" is not fulfilled or waived at or before 4:00 p.m. on Tuesday, 28 January 2025 (or such later time and/or date as the Company may determine), the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 4 February 2025. Other than HKSCC Nominees Limited, only one share certificate will be issued for all the Rights Shares allotted to an applicant.

### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, make available the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder (i) must be registered as a member of the Company on the Record Date; and (ii) is not a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Monday, 30 December 2024.

The last day of dealings in the Shares on a cum-rights basis was Tuesday, 24 December 2024. The Shares were dealt with on an ex-rights basis from Friday, 27 December 2024.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

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## LETTER FROM THE BOARD

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Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under the name of the beneficial owner(s) prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company on the Record Date, they must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 30 December 2024.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be accordingly diluted.

### **Rights of Overseas Shareholders (if any)**

The Prospectus Documents are not registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company as at the Latest Practicable Date, no Overseas Shareholder is identified. Since the register of members of the Company was closed from Tuesday, 31 December 2024 to Tuesday, 7 January 2025 (both dates inclusive), no Overseas Shareholder is expected to be identified.

Arrangements would be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, if any, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Non-Qualifying Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

### **Closure of register of members**

The register of members of the Company was closed from Tuesday, 31 December 2024 to Tuesday, 7 January 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfers of Shares would be made during this period.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following conditions:

- (i) the passing by the Independent Shareholders at the SGM of the relevant ordinary resolutions to approve the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules by no later than the Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors no later than the Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (v) compliance with and performance of undertakings and obligations of Goodco under the Irrevocable Undertaking in all material respects;
- (vi) there shall not have occurred and be continuing any of the following:
  - (a) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (b) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or

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## LETTER FROM THE BOARD

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- (c) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
- (d) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

**As at the Latest Practicable Date, condition (i) set out above has been fulfilled. Save for conditions (v) and (vi) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms). No part of the securities of the Company is listed or dealt in and listing or permission to deal in then is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights 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 trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

The nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000. Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the register of members of the Company in the Registrar will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

### **Irrevocable Undertaking**

As at the Latest Practicable Date, Goodco held outstanding 2023 Convertible Note which is convertible into 605,555,555 Shares (after the Partial Redemption) at an adjusted current conversion price of HK\$0.18 per conversion Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Goodco has undertaken it will not exercise any conversion rights under the 2023 Convertible Note or transfer the 2023 Convertible Note before close of business on the Record Date.

As at the Latest Practicable Date, the Board has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

## LETTER FROM THE BOARD

### EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming Goodco will not exercise any conversion rights under the 2023 Convertible Note pursuant to the Irrevocable Undertaking and no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, for illustration purpose only, the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue assuming (a) none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares; or (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full are expected to be as follows:

	<b>As at the Latest Practicable Date</b>		<b>Immediately upon the completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares</b>		<b>Immediately upon the completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full</b>	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Public Shareholders	338,148,116	100.00%	338,148,116	100.00%	1,014,444,348	100.00%
<b>Total</b>	<b>338,148,116</b>	<b>100.00%</b>	<b>338,148,116</b>	<b>100.00%</b>	<b>1,014,444,348</b>	<b>100.00%</b>

*Note:* The 605,555,555 Shares (after the Partial Redemption) underlying the 2023 Convertible Note have not been added to the total amount or percentage in the table above.

### POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTE

As at the Latest Practicable Date, the Company has outstanding 2023 Convertible Note which is convertible into 605,555,555 Shares (after the Partial Redemption) at an adjusted current conversion price of HK\$0.18 per conversion 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 Rights Issue may lead to adjustment to the conversion price and the number of the Shares falling to be issued upon conversion of the 2023 Convertible Note.

The Company will make further announcement 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 Shares.

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## LETTER FROM THE BOARD

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### REASONS FOR THE RIGHTS ISSUE AND THE 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.

The refinancing of a HK\$464.2 million outstanding flipper term loan, which was finalised in September 2024, relates to a commercial development in Matheson Street, Causeway Bay, Hong Kong (the “**Matheson Project**”). As set out in the Company’s circular related to the Previous Placing, HK\$35 million of the proceeds from the Previous Placing was planned to repay part of the HK\$500 million construction loan related to Matheson Project. It is confirmed that such proceed was utilized as its planned use.

The HK\$500 million construction loan was renewed in September 2024 as the HK\$464.2 million flipper term loan with maturity date on 16 September 2025. Discussions for finalising the term sheet were done during July to September 2024. According to the new flipper term loan, HK\$15.0 million has to be repaid after six months from the utilization date, which is repayable in February 2025.

This further partial loan repayment of HK\$15.0 million related to Matheson Project is unexpected in February 2024. Although the previous partial repayment of HK\$35.0 million was requested before February 2024 by the bank (as stated in the Company’s circular related to the Previous Placing), the term sheet for the flipper term loan was just finalized in September 2024 and hence the partial loan repayment of HK\$15.0 million was formally requested and confirmed in September 2024 which is around seven months from the end of February 2024.

The Matheson Project is available to the market and the Group has been actively seeking for potential buyers of this property. As at 30 September 2024, its value recorded as properties held for sale was approximately HK\$1,047 million. However, due to the prevailing market condition, no favourable offer has been reached up to the moment. Therefore, the Group has maximized its return by leasing out the units of Matheson Project. The current occupancy rate is around 34.3% and the tenancy agreements were entered during April to November 2024. The rental return rate (assuming all of the units are rented out) is around 2.2% per annum. The rental income generated during April to November 2024 is less than HK\$2.0 million which was utilized for general working capital purpose.

It is also likely that other bank(s) may require partial settlement to the outstanding construction loan when being refinanced (which is similar to the aforesaid flipper term loan). The Group has indicated its intention to refinance to the bank(s) and is awaiting finalised terms from the bank(s). The amount of partial repayments in total requested by other banks (in addition to the aforesaid partial repayment of HK\$15.0 million) is around HK\$32.0 million.

The amount of partial repayments of around HK\$32.0 million includes partial repayments for (i) a construction project in King Lam Street (the “**King Lam Street Project**”) with a construction loan of HK\$300.4 million; and (ii) a construction project in Castle Peak Road (the “**Fung Wah Project**”) with a construction loan of HK\$328.9 million.



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## LETTER FROM THE BOARD

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The HK\$300.4 million construction loan related to the King Lam Street Project should expire in December 2024 and it is being refinanced which the bank requested in October 2024 to repay HK\$15.0 million (HK\$10.0 million of which has been repaid in late December 2024). The remaining amount together with other partial repayments with a total of HK\$12.0 million will be repaid by the end of the third quarter of 2025. The maturity date of this loan has been extended to late December 2025.

Although it is stated in the Company's circular related to the Previous Placing that the partial repayment for the HK\$300.4 million loan related to King Lam Street Project may be required and such loan was expected to expire in December 2024, the possibility, amount and timing of such request as well as the refinancing terms were not able to be predicted in February 2024. The partial repayment of HK\$15.0 million (HK\$10.0 million of which has been repaid in late December 2024) was only formally requested by the bank in October 2024 subsequent to rounds of discussions with the banks after February 2024. The Company did not expect the refinancing process would be that lengthy because it considered that the refinancing would be granted efficiently with the completed project, as a tangible asset with considerable market value, being pledged to the bank. The maturity date of this loan has been extended to late December 2025 and the bank has requested for further partial repayments in total of HK\$12.0 million to be repaid by the end of the third quarter of 2025.

The HK\$328.9 million construction loan related to the Fung Wah Project will mature in July 2026 and it is being refinanced which the bank requested HK\$20.0 million to be repaid in the first quarter of 2025. Such partial repayment was requested by the bank starting in August 2024.

The HK\$20.0 million partial loan repayment related to the HK\$328.9 million construction loan for the Fung Wah Project, which will mature in July 2026, was not expected in February 2024 since the maturity date is far from February 2024. Such partial repayment was just requested by the bank in August 2024 subsequent to rounds of discussions with the banks after February 2024.

The abovementioned partial repayment of HK\$15.0 million and other partial repayments of around HK\$32.0 million to the outstanding loans when being refinanced is the major change in circumstance leading to the Rights Issue after publication of the circular in relation to the Previous Placing.

These partial repayments are a condition proposed by a bank or financial institution in refinancing the loan for extended loan tenors and refreshed repayment terms. The loans may not be refinanced if the Group does not agree to such repayments and the Group will have to repay the loan in full or seek other banks to refinance such loan. The Company is of the view that the whole negotiation process for the partial repayment is time consuming and the possibility, actual amount and repayment schedule were not able to be accurately estimated until the term sheets could be almost finalized at the very final stage of negotiation during the process. In other words, the key terms of refinancing were uncertain until the final stage of negotiation.

If the aforesaid HK\$15.0 million partial repayment and other partial repayments of around HK\$32.0 million are financed out of internal available funds, the Group may not have sufficient funding for its daily operations, principal and interest payments of loans, construction related costs, the partial repayments which may also be required for the other loans as well as maintaining its capability for capturing suitable opportunities in the markets in order to support its future development at the same time.

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## LETTER FROM THE BOARD

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Although it is mentioned in the Company's circular related to the Previous Placing that the HK\$35.0 million partial repayment for the loan related to Matheson Project is needed and the partial repayment for the HK\$300.4 million loan related to King Lam Street Project may be required, it was not feasible to accurately estimate whether any additional partial loan repayment would be required by the banks at the time of February 2024 since the preferences of the banks, economic environment and property market in Hong Kong has been changing since that time. While the Group prepared to set aside around HK\$10.0 million for the potential repayment required to refinance the HK\$300.4 million loan related to King Lam Street Project in February 2024, the fund was used to repay other non-construction loans after February 2024 with a view to reducing interest expense in view of the high-interest rate environment. Any estimation of the Group's need for fund raising could only be based on the objective factors available at the time of making the estimation. The Company considers that the preference and credit assessment of a bank is very sensitive to any change in the expected economic growth of Hong Kong as well as the industry related to its client's business operation, and therefore the potential of being requested for partial repayment by a bank is not possible to be precisely estimated, including the time and amount.

The Company has considered other fund-raising methods including debt financing and/or other equity financing options. However, the Company is of the view that obtaining further debt financing, such as bank borrowings from other banks, will depend on the prevailing market condition, and may be subject to lengthy due diligence and loan application processes. In addition, debt financing will impose additional interest burden on the Group which will, in turn, worsen the Group's financial performance and position.

In regard to a private placing of equity, the Company is of the view that it would cause a material dilution effect to the shareholding of the existing Shareholders as it would involve the issue of a substantial amount of new Shares at a discount to external parties and the existing Shareholders would not have the opportunity to participate in the placing.

The Company also considers that the Rights Issue will allow the Group to strengthen its capital base without incurring interest costs and will give the Qualifying Shareholders the opportunity to further invest in the equity of the Company at a favourable discount while maintaining their respective pro-rata shareholding interests and voting rights in the Company. On top of that, the Rights Issue will materially improve the net asset value per share of the Company. Hence, the Company considers that fund raising of this scale through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

The Company has also considered various options to finance the proposed repayment of loan, including utilization of surplus funds, asset realization and demanding repayment of the Revolving Loan from Easyknit.

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## LETTER FROM THE BOARD

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As at 31 August 2024, the Group had cash balance of approximately HK\$232.4 million, of which approximately HK\$77.2 million was considered unavailable amount retained in the PRC (which was already used for loan settlement in October 2024), leaving available amount to be approximately HK\$155.2 million (of which HK\$35.0 million was used in September 2024 for the aforesaid partial repayment related to Matheson Project as disclosed in the Company's circular related to the Previous Placing). Apart from the partial repayment of HK\$15.0 million and other partial repayments of around HK\$32.0 million mentioned above, the Company has to set aside funds to prepare for other partial repayments required, if any, to refinance other loans. Besides, sufficient funds should be retained to support the recurring operations of the Group and finance cost of the development projects. The approximately HK\$120.2 million was set aside to support the Group's recurring operations, including (i) approximately HK\$67.3 million which was reserved only for construction cost payments and construction loan interest payments for three construction projects (as requested by banks): the Fung Wah Project with a total reserve amount including construction cost and loan interest reserve of approximately HK\$47.5 million, the Matheson Project with a total reserve amount just including loan interest payment reserve of approximately HK\$13.5 million and a construction project in Kennedy Town (the "**Kennedy Town Project**") with a total reserve amount just including loan interest payment reserve of approximately HK\$6.3 million; (ii) an amount of approximately HK\$28.0 million for non-construction loan repayment which was completed in September 2024; and (iii) the remaining amount of around HK\$24.9 million mainly for other operation expenses such as staff cost and administrative expenses.

The Company considers that interest reserve is a common requirement for the construction loans granted to the Group. Such requirement would be imposed on the effective date of a construction loan and the borrower was requested to reserve cash in a designated account, that cannot be used for any other purpose, for the expected interest payments for the upcoming months. For the construction loans granted to the Group, three to six months of project interest payable must be maintained in the account as requested by banks.

Although the Group was able to schedule the interest reserve for each respective construction loan in February 2024, the future cash position (which refers to the quantity of cash or any assets that can be converted to cash held by the Group within a period of time) may be unable to be precisely estimated at that time given that the actual property market performance may deviate from the Group's expectation due to uncertainties. Since no significant favourable offer could be reached for both Matheson Project and King Lam Street Project (which is not predictable in February 2024), the Group's immediate availability of funds after February 2024 varied from expected.

As regard asset realization, the Group considers that such a step may have to go through a lengthy process, the timing of which may not match with that required for the loan repayment to banks. Besides, the disposal of the assets may not be favourable and justified given the current market conditions. Offering the completed projects for sale whether by en bloc or strata sale anytime is always a key option taken by the Group when opportunities arise and as long as there is favourable offer. Before that happens, the Group will maximize its return by leasing out the properties for rental purpose. Although the disposal of a property in Singapore has been completed, the remaining net proceed of around HK\$59.0 million from such disposal (after deducting the loan repayment of approximately HK\$11.8 million relating to that property) was planned for construction loan interest payments with a total amount of approximately HK\$45.2 million related to the Matheson Project, Fung Wah Project, King Lam Street Project and Kennedy Town Project, and other leasing properties interest payments with a total amount of approximately HK\$13.8 million for the following six months after November 2024.

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## LETTER FROM THE BOARD

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The Company considers that the uncertainties on the Hong Kong property industry has been increasing after February 2024 and other uncertainties such as volatility in the Hong Kong financial market, inflationary pressures and interest rates also affect the expectation on the overall Hong Kong economic prospects, which in turn affects the overall confidence of the potential property buyers in Hong Kong who tend to be more conservative when making purchase decisions.

While the Group remains prudently optimistic about the prospects of the property market in Hong Kong and believes the market will continue to grow in the long term, it was difficult to accurately predict how satisfactory the property sales can be made as at February 2024 due to the changing property market and economic factors. Since the receipt of occupation permits of Matheson Project and King Lam Street Project, the Group has been actively seeking for potential buyers of the properties but unfortunately no significant favourable offer could be reached. In the event that both properties can be sold whether by en bloc or strata sale at favourable price after February 2024, the Company believes that the cashflow of the Group would be enhanced. However, it is not abnormal that the Group's expectation in February 2024 differs from the actual property market performance in certain extent given the uncertainties and changing environment as mentioned above.

Further, the outstanding Revolving Loan balance drawn by the Easyknit Group could only be demanded to be repaid at the maturity of any interest period which is three months from the drawdown date. Loan balance granted to the Easyknit Group under the Revolving Loan Agreement was HK\$70.0 million as at 30 September 2024. The Company understands that it has the ultimate right, which is a very common term for any loan agreement entered by lender including bank and financial institution in Hong Kong, to demand Easyknit Group to repay the Revolving Loan anytime before the maturity date (20 November 2025). However, in reality, this kind of right for demanding immediate repayment is seldom executed without several rounds of preliminary negotiations between the lender and the borrower. Even the borrower agrees to fulfill the lender's demand for repayment, partial repayment is usually accepted by the lender and the whole negotiation would take months to complete before the consensus is reached by both the lender and borrower.

The Company notified Easyknit Group at the maturity of interest period in October 2024 for repaying the Revolving Loan before the maturity date, 20 November 2025, and the Company has (i) considered using all appropriate means (including sending a formal demand notice) to settle the Revolving Loan; and (ii) decided to keep requesting Easyknit Group to settle the Revolving Loan. The Company has no intention to provide further financing to Easyknit Group under the Revolving Loan Agreement after taking into account the most updated financial performance and financial position of Easyknit Group as disclosed in its latest interim results announcement for the six months ended 30 September 2024. Having considered that (i) the amount to be recovered may be a partial repayment, which may be less than the expected net proceeds from the Rights Issue assuming the Rights Shares are fully taken up; (ii) the whole negotiation process for early repayment would take time to handle, which is estimated being not less lengthy than the process of Rights Issue; and (iii) the existing financial condition and imminent funding requirements of the Group (including the time and amount of partial repayments requested by the banks), the Company is of the view that (i) it is reasonable to have fund raising by Rights Issue; and (ii) proceeding the demand for the repayment of the Revolving Loan and the Right Issues simultaneously is in the interests of the Company.

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## LETTER FROM THE BOARD

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The Company considers that loan financing business is one of Group's business segments and the provision of the Revolving Loan, which is a commercial decision, allows the Group to better allocate its resources and generate revenue by earning interest income. Moreover, the higher interest rate in the Revolving Loan than fixed deposits allows the Group to better utilize its resources for generating more income. It is confirmed that the working capital projections of the Group were reviewed and considered before granting the Revolving Loan, and therefore the liquidity and financial position of the Group was not adversely and materially affected as at the drawdown date. Set out below is a table showing the dates and amounts of drawdowns, which was at the Company's discretion, happened after February 2024 and up to 31 August 2024.

	<b>Amount (HK\$)</b>	<b>Drawdown date</b>
1	5,000,000	21 March 2024
2	10,000,000	2 April 2024
3	15,000,000	22 April 2024
4	5,000,000	3 May 2024
5	10,000,000	23 July 2024

Since the receipt of occupation permit of Matheson Project in February 2024 and the expected completion date of King Lam Street Project in May 2024 was getting close, the Group estimated that at least some property sales may happen. Furthermore, sales enquires for both projects were actually received after February 2024 and one unit in King Lam Street Project was sold in March 2024 on a pre-sale basis. A letter of intent for purchasing the whole block in Matheson Project was also received by the Group from a potential buyer represented by its legal adviser. Although the HK\$300.4 million construction loan related to King Lam Street Project was expected to expire in December 2024, the Company expected the refinancing would be granted efficiently with the completed project, as a tangible asset with considerable market value, being pledged to the bank.

As a result, after considering the property sales expectation of at least around 5.5% of the expected sales value of approximately HK\$2.0 billion at that time and the relevant cash inflows to be brought by the expected sales as well as the cash balance of the Group as at each drawdown date, further financing to the Easyknit Group was provided under the Revolving Loan Agreement due to the reasons mentioned above. It is also confirmed that there was no disruption to the Group's business operations caused by the drawdowns and all proceeds from the Previous Placing were utilized as planned.

In addition to the Group's financial position and available cash resources, when deciding whether the drawdowns should be accepted by the Company (especially the drawdown in July 2024), the future cashflows to be brought by the announced disposals of investment properties in late June and July 2024 respectively (including the disposal of a property in Singapore as mentioned above) were also taken into account. Although these cashflows were planned mainly for supporting the recurring operations of the Group, such as construction loan interest payments and other leasing properties interest payments in the future as abovementioned, a portion of the cashflows was planned for general working capital which enhanced the Group's ability to accept the drawdowns by potentially improving the Group's future cash position from the view of the Company.

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## LETTER FROM THE BOARD

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Although no significant favourable offer could be reached for both Matheson Project and King Lam Street Project afterward, it is not abnormal that the Group's previous expectation differs from the actual property market performance in certain extent given the uncertainties and changing environment as mentioned above.

The Company considers that the Group's ordinary business operations were not adversely and materially affected by the aforesaid drawdowns and, as mentioned above, the working capital projections (which considered the cash inflows to be brought by the expected property sales and the announced disposals of investment properties) of the Group were reviewed and considered.

Having considered the above options, the Company is of the view that the Rights Issue would be a more direct and effective way of raising funds for the Group to meet the forthcoming loan repayment needs, which in turn improves its capability for capturing suitable opportunities in the markets in order to support its future development.

The Company is also of the view that the Right Issues will strengthen the financial position of the Company and provide funding to the Company to repay part of the outstanding bank loan(s) and lower the gearing ratio of the Group. For the avoidance of doubt, the Rights Issue was not contemplated at the time of publication of the Company's circular in relation to the Previous Placing. After the completion of the Previous Placing, the Company has been continually monitoring the status of the use of proceeds from the Previous Placing. As at the date of the Circular, all of the net proceeds from the Previous Placing had already been utilized. Moreover, as mentioned above, (i) approximately HK\$155.2 million was set aside to support the Group's recurring operations; (ii) approximately HK\$77.2 million retained in the PRC was also used for loan repayment once it was available; and (iii) the net proceed from the disposal of a property in Singapore of around HK\$59.0 million was planned for construction loan interest payments and other leasing properties interest payments for the coming six months. Despite the close proximity of the Previous Placing and the Rights Issue, taking into account the factors mentioned above and the prompt utilization of the proceeds from the Previous Placing, the Company is of the view that it has imminent need to raise further proceeds through the Rights Issue.

Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full, it is expected that the maximum gross and net proceeds (after deducting the relevant estimated costs and expenses of the Rights Issue) from the Rights Issue will be approximately HK\$62.2 million and HK\$61.2 million respectively. The Company intends to use the net proceeds of approximately HK\$61.2 million, of which approximately HK\$47.0 million for repayment of the Group's bank loan(s) and the remaining balance of approximately HK\$14.2 million for general working capital of the Group. In the event of an undersubscription of the Rights Issue, the net proceeds will be utilized on a pro-rata basis as set out above.

As at the Latest Practicable Date, the Company has no plan or intention to carry out any future fund raising in the next twelve months, after taking into account all its liabilities (including repayment of bank loans for construction projects) which would mature in the corresponding period and the current economic and market conditions. However, as mentioned above, the uncertainties on the Hong Kong property industry, volatility in the Hong Kong financial market, inflationary pressures and interest rates have been increasing, and therefore the Group's funding need can only be estimated on a best effort basis based on the information available as at the Latest Practicable Date. As a result, since the economic environment, property market development and the banks' preferences in Hong Kong will keep changing or will even change to an extent over than expected, the funding needs of the Group in future may deviate from its anticipation as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### UPDATES AFTER THE DATE OF THE CIRCULAR

Having considered the financial position and balance of cash and cash equivalent disclosed in Easyknit's interim results announcement dated 29 November 2024, the Company is of the view that Easyknit Group may not have sufficient cash to settle the whole outstanding amount of Revolving Loan within a short period of time even though a formal demand notice can be provided. The financial position and cash balances of Easyknit extracted from its interim results announcement for the six months ended 30 September 2024 are set out below:

	As at 30 September 2024	As at 31 March 2024	Change
Total assets (HK\$'000)	3,605,363	8,739,039	(58.7%)
Current assets (HK\$'000)	2,101,379	6,334,193	(66.8%)
Cash and cash equivalent (HK\$'000)	25,132	307,435	(91.8%)
Total liabilities (HK\$'000)	1,871,082	4,136,948	(54.8%)
Net asset value (HK\$'000)	1,734,281	4,602,091	(62.3%)

After sending several repayment requests regarding the Revolving Loan to Easyknit and the publication of the Circular, the Company received a request from Easyknit to early redeem the 2023 Convertible Note (such request is subject to the approval of the Company under the terms of the 2023 Convertible Note). As a result, the whole negotiation became more complicated than expected.

In the event that both parties refused to settle, the only action that could be taken by the Group after sending demand notice(s) is to take legal action but the counter party can also seek for legal advice for handling the legal action taken by the Group, and eventually it would end up with formal engagements of legal advisers by both parties and the potential legal costs incurred is not worth from the view of the Company. In order to avoid consuming excessive time and resources for handling the situation, the Company and Easyknit agreed to have a discussion. Having considered that (i) the extent of difference in the interest rates of the Revolving Loan and the 2023 Convertible Note (6% and 5% per annum respectively) is relatively small as compared to the extent of difference in the outstanding amounts of the Revolving loan and the 2023 Convertible Note; (ii) the potential reduction in net interest expense payable to Easyknit Group due to the difference in the extents as described above; (iii) the most updated financial performance and financial position of Easyknit Group as disclosed in its latest interim results announcement reflects a low possibility of repaying the whole outstanding amount of the Revolving Loan by Easyknit in cash within a short period of time since (i) the outstanding balance of Revolving Loan as at 30 September 2024 is HK\$70.0 million which represents around 2.8 times of the cash and cash equivalent of Easyknit; and (ii) the gross profit of Easyknit decreased from approximately HK\$34.1 million (restated) for the six months ended 30 September 2023 to approximately HK\$5.9 million for the six months ended 30 September 2024 with a decreased gross profit margin of around 2.6%; and (iv) the Group is eventually required to settle the outstanding principal amount of HK\$209 million of the 2023 Convertible Note when it matures in February 2028 if Easyknit Group decides not to exercise the conversion right, the Company agreed to partly redeem HK\$100 million of the outstanding principal amount of 2023 Convertible Note by mainly offsetting the whole outstanding amount of the Revolving Loan and by cash (the "**Partial Redemption**") on 12 December 2024. The Partial Redemption is a request from Easyknit, which was commercially discussed by the Company and Easyknit. The Company accepted the request after considering the factors mentioned above, especially the avoidance of incurring unnecessary legal costs.

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## LETTER FROM THE BOARD

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The abovementioned potential reduction in net interest expense payable to Easyknit Group is elaborated below:

	<b>Outstanding amount (HK\$)</b>	<b>Interest rate per annum</b>	<b>Interest receipt/ (payment) per year from/to Easyknit Group (HK\$)</b>
Revolving Loan (as at 30 September 2024) ( <i>note</i> )	70,000,000	6%	4,200,000
2023 Convertible Note	209,000,000	5%	(10,450,000)
Net interest payment			(6,250,000)
 2023 Convertible Note after the Partial Redemption	 109,000,000	 5%	 (5,450,000)

*Note:* The interest payment of the Revolving Loan is settled by Easyknit Group from time to time at the maturity of interest period.

As illustrated above, the estimated net interest expense payable to Easyknit Group after the Partial Redemption on a yearly basis will be reduced from HK\$6.25 million to HK\$5.45 million. Having considered that the conversion price of the 2023 Convertible Note is HK\$0.18 which is around 93.5% higher than the recent closing price of the Shares of the Company, it is not likely that Easyknit Group would exercise the conversion right and the Company considers that the earlier the Partial Redemption is made, the more interest expense can be saved. As the maturity date of the 2023 Convertible Note is February 2028, the estimated amount of interest expense that can be saved in relation to the 2023 Convertible Note (based on the redeemed amount of HK\$100 million, a period of three years and the 5% interest rate) is around HK\$15 million. On the other hand, the amount of interest income given up by the Company as a result of the Partial Redemption is around HK\$3.9 million (based on the maturity date of the Revolving Loan of 20 November 2025, the date of Partial Redemption, the interest rate of 6% per annum and the outstanding balance of HK\$70.0 million as at 30 September 2024).

After the Partial Redemption of the 2023 Convertible Note, the outstanding amount of the Revolving Loan became nil and the outstanding principal amount of the 2023 Convertible Note has been reduced to HK\$109 million.

The amount of cash used for the Partial Redemption is derived from:

1. the remaining amount of around HK\$24.9 million mainly for other operation expenses such as staff cost and administrative expenses, which is part of the aforesaid available cash balance of approximately HK\$120.2 million as at 31 August 2024 that was set aside to support the Group's recurring operations; and



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## LETTER FROM THE BOARD

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2. the aforesaid remaining net proceed of around HK\$59.0 million from the disposal of the property in Singapore, which was planned for construction loan interest payments with a total amount of approximately HK\$45.2 million related to the Matheson Project, Fung Wah Project, King Lam Street Project and Kennedy Town Project, and other leasing properties interest payments with a total amount of approximately HK\$13.8 million for the following six months after November 2024 (*note*).

*Note:* Although the six-month period of reserve of HK\$59.0 million for construction loan interest and leasing properties interest payments was reduced to around three to four months after the Partial Redemption, it is expected by the Company that it will be replenished by the compensation of around HK\$31.0 million in relation to the land with attached structure to be reverted to the Government of Hong Kong.

The Company is of the view that even if the cash used for the Partial Redemption was used for partially settling the aforesaid total partial repayments of HK\$47.0 million requested by banks instead, the Company would still have imminent need to raise further proceeds through the Rights Issue for its daily operations, principal and interest payments of loans, construction related costs, the partial repayments which may also be required for the other loans as well as maintaining its capability for capturing suitable opportunities in the markets in order to support its future development at the same time.

If the Rights Issue is not fully subscribed, a part of the total partial repayments of HK\$47.0 million will be supported by the aforesaid cash reserve, and therefore the abovementioned cash reserve for the Group's recurring operations and loan interest payments will be reduced. To support the Group's operations, the only available mean is to dispose the properties on hand, including Matheson Project and King Lam Street Project, at relatively low considerations.

The Group is trying to dispose Matheson Project aggressively in the market for generating additional cash. The Group has instructed its legal adviser to provide further notice to the prospective purchasers, who have been approaching the Group, for submitting their final and best offers for the Matheson Project. Moreover, the Group was informed by the Lands Department of the Government of Hong Kong in June 2024 that the land with attached structure owned by the Group will be reverted to the Government of Hong Kong and a compensation of around HK\$31.0 million (which the payment time is unknown at that time) calculated at a rate of HK\$1,114 per square foot, determined by the Lands Department, will be received by the Group. Such compensation is expected to be received in January 2025 according to the latest conversation with the Lands Department and the Group is waiting for the official confirmation from the Lands Department for the exact payment time.

### **Compliance with Rule 13.73**

The Company is of the view that the Partial Redemption does not constitute a material information under Rule 13.73 having considered the following factors.

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## LETTER FROM THE BOARD

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While a request from Easyknit to early redeem is a new development, the Directors do not consider that receiving a request on its own is material enough to warrant a supplemental circular or announcement. The Partial Redemption by offsetting the whole outstanding amount of the Revolving Loan and by cash has no impact on the net asset value of the Company, as it does not generate any profit or loss. Although the Partial Redemption does reduce the cash position of the Group, the Group has a net sale proceeds of approximately HK\$59.0 million generated from the disposal of a Singapore property (which was planned for construction loan interest and leasing properties interest payments for the following six months after November 2024), and has set aside HK\$24.9 million as disclosed in the Circular for operation expenses such as staff cost and administrative expenses. Together they amount to HK\$83.9 million. After utilizing a portion of the HK\$83.9 million as aforesaid for the Partial Redemption, the Group still has sufficient financial resources to cover the operation expenses, and the Directors are of the view that such allocation of fund is not material enough to warrant a separate announcement or supplement circular.

Moreover, it is expected by the Group that its cash will be replenished by the compensation of around HK\$31.0 million in relation to the land with attached structure to be reverted to the Government of Hong Kong. Furthermore, the Partial Redemption by its nature is similar to an early repayment of a loan due to a bank before its maturity, which is not a transaction under the Listing Rules and does not require an announcement under the Listing Rules. The Directors therefore took the view that no announcement or supplemental circular is required for a corporate action (which is not material as explained above) in its normal course of business.

Although the Group was informed by the Lands Department in June 2024 on its decision to reclaim a piece of land owned by the Group, it was not known by the date of the Circular (i.e. 29 November 2024) when the compensation will be available. It was not until the last telephone conversation with the Lands Department that the Group was made aware that the compensation will be received by the Group in January 2025. As at the Latest Practicable Date, the Group is still waiting for the official confirmation from the Lands Department for the exact payment time. In other words, the date of receiving the compensation has not been officially and entirely confirmed. Since the timing for the compensation settlement was still uncertain on the date of the SGM, and the Directors did not and still do not have anything in writing to verify the date of compensation payment, the Directors considered that it would not be prudent to bring this matter to the attention of the Shareholders before the SGM. Moreover, in the real estate industry, it is not uncommon for the Government of Hong Kong to reclaim land from property developers from time to time for urban city planning or new town development purposes. In our case, the land was reclaimed for the second phase of Hung Shui Kiu / Ha Tsuen new development plan. The Directors therefore took the view that no announcement or supplemental circular is required for an event which is nothing unusual in its line of business.

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## LETTER FROM THE BOARD

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### FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

The following table sets out the fund raising activities of the Company during the past twelve months immediately before the Latest Practicable Date:

Date	Equity fund raising activity	Net proceeds raised	Proposed use of net proceeds	Actual use of net proceeds
23 January 2024 (announcement) and 29 February 2024 (circular)	Placing of new shares under specific mandate	HK\$41,877,000	For repayment of the Group's bank loan(s)	All proceeds were fully utilized as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activity in the past twelve months immediately before the Latest Practicable Date.

### LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the number of Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the SGM by way of poll. In compliance with Rule 7.27A of the Listing Rules, the Rights Issue is conditional on approval by the Shareholders in the SGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. As at the date of the SGM, as there was no controlling Shareholders and none of the Directors and the chief executive of the Company and their respective associates hold any Shares, no Shareholder was required to abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the SGM.

At the SGM, the necessary resolution approving, among other things, the Rights Issue and the transactions contemplated thereunder was duly passed by the Shareholders by way of poll.

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## LETTER FROM THE BOARD

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### RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

### RECOMMENDATION

The Board is of the opinion that the Rights Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### RESPONSIBILITY STATEMENT

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

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

**1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP**

Details of the audited consolidated financial information of the Group for the years ended 31 March 2022, 2023 and 2024 were disclosed in the annual reports of the Company for the years ended 31 March 2022 (pages 87 to 221), 2023 (pages 94 to 233) and 2024 (pages 103 to 233) respectively. Details of the unaudited consolidated financial information of the Group for the six months ended 30 September 2024 was disclosed in the interim report of the Company for the six months ended 30 September 2024 (pages 52 to 116). The aforementioned financial information of the Group has been published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.eminence-enterprise.com](http://www.eminence-enterprise.com)). Please refer to the hyperlinks as stated below:

2022 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200147.pdf>

2023 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100323.pdf>

2024 annual report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0722/2024072200405.pdf>

2024 interim report:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/1223/2024122300563.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at 30 November 2024, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this Prospectus, the Group had outstanding indebtedness included the following:

**(a) Borrowings**

The Group had outstanding bank borrowings of approximately HK\$1,910,581,000, which were secured by the Group's properties with an aggregate net book value of approximately HK\$1,059,800,000 (investment properties), approximately HK\$1,877,576,000 (properties held for development for sale), and approximately HK\$1,721,640,000 (properties held for sale) respectively and all bank borrowings were guaranteed by the Company.

**(b) 2023 Convertible Note**

The Company on 20 February 2023 entered into a subscription agreement in relation to the issue of a 5% per annum coupon rate convertible note to Goodco in the principal amount of HK\$209,000,000, conferring rights to convert at any time before 19 February 2028 the principal amount into the Shares at the adjusted conversion price of HK\$0.18 per Share (subject to adjustments). The outstanding amount of 2023 Convertible Note as at the Latest Practicable Date was HK\$109,000,000.

Apart from as disclosed above and intra-group liabilities, the Group did not have any debt securities authorised or created by unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 30 November 2024.

The Directors confirm that there have been no material adverse changes in the indebtedness or contingent liabilities of the Group since 30 November 2024.

### **3. WORKING CAPITAL STATEMENT**

The Directors are of the opinion that, taking into consideration the Group's present financial resources, the estimated net proceeds from the Rights Issue, the potential repayment obligations of the outstanding construction loans and other bank loans, the Group has sufficient working capital for its present requirements for at least the twelve months from the date of this Prospectus.

### **4. MATERIAL ADVERSE CHANGES**

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

### **5. TREND AND FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group will continue focusing its efforts on the development of its existing principal businesses, including property development, property investment, investment in securities and others and loan financing business while exploring other potential projects with a view to providing steady and favourable returns to the Shareholders and bringing increased values to the Group's stakeholders.

Despite the increasing uncertainties and volatilities on global economic landscape brought by high inflation and interest rates and geopolitical tensions which hinder the post-pandemic normalcy and recovery of Hong Kong, the Group continuously and closely monitors the current situation and remains prudently optimistic about the prospects of the property and securities markets in Hong Kong and the Group will stay abreast of the latest market movements, adopts flexible and cautious business strategies and continues to grow over the longer term of the Hong Kong markets.

In line with its investment strategy and policy, the Company will continue to identify appropriate investment and divestment opportunities during this challenging period that fit the objective and investment criteria of the Company, and will continue to seek quality opportunities to replenish its property portfolio as an ongoing business exercise. The Board would exercise utmost caution so as to bring long-term benefits to the operating and financial results of the Company in the foreseeable future.

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## **APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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*For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.*

### **STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 30 September 2024.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company is based on the unaudited consolidated net tangible assets of the Group as at 30 September 2024, adjusted as described below:

<b>Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2024</b> <i>(Note 1)</i> <i>HK\$'000</i>	<b>Estimate net proceeds from the Rights Issue</b> <i>(Note 2)</i> <i>HK\$'000</i>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue</b> <i>HK\$'000</i>
<b>2,936,737</b>	<b>61,219</b>	<b>2,997,956</b>
Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2024 per Share before the Rights Issue <i>(Note 3)</i>		<b>HK\$8.685</b>
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the Rights Issue <i>(Note 4)</i>		<b>HK\$2.955</b>



## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

*Notes:*

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2024 are based on the unaudited consolidated net assets in the unaudited condensed consolidated statement of financial position of the Group attributable to the owners of the Company as at 30 September 2024 as set out in the interim report of the Group for the six months ended 30 September 2024.
2. The estimated net proceeds from the Rights Issue of approximately HK\$61,219,000 are calculated based on the maximum number of 676,296,232 Rights Shares (in the proportion of two (2) Rights Shares for every one (1) existing Share held on the Record Date which is 338,148,116 Shares) to be issued at the subscription price of HK\$0.092 per Rights Share assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders and Goodco will not exercise any conversion rights under the 2023 Convertible Note pursuant to the Irrevocable Undertaking, after deduction of the estimated related expenses of approximately HK\$1,000,000.
3. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 per Share before the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 before the Rights Issue of approximately HK\$2,936,737,000 divided by 338,148,116 existing Shares held on the Record Date.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2024 per Share immediately after the completion of the Rights Issue (assuming full acceptance of the Rights Shares by all of the Qualifying Shareholders) is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity owners of the Company as at 30 September 2024 immediately after completion of the Rights Issue of approximately HK\$2,997,956,000 divided by 1,014,444,348 pro forma Shares which comprise (i) 338,148,116 existing Shares held on the Record Date, and (ii) 676,296,232 Rights Shares to be issued assuming that the Rights Issue has been completed on 30 September 2024 and Goodco will not exercise any conversion rights under the 2023 Convertible Note pursuant to the Irrevocable Undertaking.
5. Except as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2024.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

*The following is the text of a report, prepared for the sole purpose of inclusion in this Prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*



8 January 2025

*The Board of Directors*  
**Eminence Enterprise Limited**

Dear Sir or Madam,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Eminence Enterprise Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets as at 30 September 2024 as set out on pages II-1 to II-3 of the prospectus (the “**Prospectus**”) issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described in Appendix II to the Prospectus.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s unaudited consolidated net tangible assets as at 30 September 2024 as if the transaction had been taken place at 30 September 2024. As part of this process, information about the Group’s unaudited consolidated net tangible assets has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2024, on which an interim report has been published.

### **DIRECTORS’ RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION**

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

### **OUR INDEPENDENCE AND QUALITY MANAGEMENT**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

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## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under “Reasons for the Rights Issue and the Use of Proceeds” set out on pages 18 to 24 of the Prospectus.

### OPINION

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Pang Hon Chung**

Practising Certificate Number P05988

Hong Kong

**1. RESPONSIBILITY STATEMENT**

This Prospectus, 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

**2. SHARE CAPITAL**

The authorised and issued share capital of the Company (a) as at the Latest Practicable Date; (b) immediately prior to the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Rights Issue); and (c) immediately after the completion of the Rights Issue (assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date) were as follows:

**(a) As at the Latest Practicable Date:**

<i>Authorised:</i>		<i>HK\$</i>
<u>40,000,000,000</u>	Shares of HK\$0.01 each	<u>400,000,000</u>
<i>Issued and fully-paid:</i>		
<u>338,148,116</u>	Shares of HK\$0.01 each	<u>3,381,481</u>

**(b) Immediately prior to the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to the completion of the Rights Issue):**

<i>Authorised:</i>		<i>HK\$</i>
<u>40,000,000,000</u>	Shares of HK\$0.01 each	<u>400,000,000</u>
<i>Issued and fully-paid:</i>		
<u>338,148,116</u>	Shares of HK\$0.01 each	<u>3,381,481</u>

- (c) Immediately after the completion of the Rights Issue (assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full and there is no change to the total issued share capital of the Company on or before the Record Date)

<i>Authorised:</i>	<i>HK\$</i>
<u>40,000,000,000</u> Shares of HK\$0.01 each	<u>400,000,000</u>
 <i>Issued and fully paid:</i>	
338,148,116 Shares of HK\$0.01 each	3,381,481
676,296,232 Rights Shares of HK\$0.01 each to be allotted and issued under the Rights Issue	6,762,962
<u>1,014,444,348</u>	<u>10,144,443</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

Neither part of the share capital nor any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the 2023 Convertible Note, the Company had no outstanding convertible securities, options, or warrants in issue that confer any right to subscribe for, convert, or exchange into Shares. There is no treasury share held by the Company or its subsidiary or through any agent or nominee.

As at the Latest Practicable Date, none of the capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested in or were deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

#### (b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following person, other than a Director or chief executive of the Company, had, or was taken or deemed to have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of substantial Shareholder	Notes	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Goodco Development Limited ("Goodco")	(i), (iii), (iv) and (v)	Beneficial owner	14,055,799	605,555,555	619,611,354	183.24%
Easyknit Properties Holdings Limited	(i), (iii), (iv) and (v)	Interest of controlled corporation	14,055,799	605,555,555	619,611,354	183.24%
Easyknit International Holdings Limited ("Easyknit")	(i), (iii), (iv) and (v)	Interest of controlled corporation	26,753,937	605,555,555	632,309,492	186.99%
		Beneficial owner	675,000	-	675,000	0.20%
			27,428,937	605,555,555	632,984,492	187.19%

Name of substantial Shareholder	Notes	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Magical Profits Limited	(ii), (iii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Accumulate More Profits Limited	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
The Winterbotham Trust Company Limited	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Winterbotham Holdings Limited	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Christopher Geoffrey Douglas Hooper	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Markson International Holding Limited	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Ivan Geoffrey Douglas Hooper	(ii), (iv) and (v)	Interest of controlled corporation	27,428,937	605,555,555	632,984,492	187.19%
Chu Nin Yiu, Stephen		Beneficial owner	33,330,000	–	33,330,000	9.86%
Or Victor		Beneficial owner	33,330,000	–	33,330,000	9.85%
Ng Wang Chun Joseph		Beneficial owner	31,555,000	–	31,555,000	9.33%
Hu Rong		Beneficial owner	22,941,000	–	22,941,000	6.78%

*Notes:*

- (i) In the 26,753,937 Shares, 12,113,454 Shares, 584,684 Shares and 14,055,799 Shares were registered in the name of and beneficially owned by Ace Winner Investment Limited, Landmark Profits Limited and Goodco (which was wholly-owned by Easyknit Properties Holdings Limited) respectively, all of which were wholly-owned subsidiaries of Easyknit. 675,000 Shares were also beneficially owned by Easyknit.
- (ii) According to Form 2 filed on 12 April 2023 by Magical Profits Limited, on 4 April 2023, Magical Profits Limited, which was interested in approximately 41.25% of the issued share capital of Easyknit (including 1,343,000 Easyknit shares held by the Group), was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust. The Winterbotham Trust Company Limited was owned as to 60% by Winterbotham Holdings Limited, which in turn was owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper, and 40% by Markson International Holding Limited, which in turn was owned as to approximately 99.99% by Mr. Ivan Geoffrey Douglas Hooper, respectively. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Magical Profits Limited was interested in approximately 41.77% of the issued share capital of Easyknit (including 1,726,000 Easyknit shares held by the Group, representing approximately 2.33% of the issued share capital of Easyknit).



- (iii) Ms. Lui Yuk Chu, a Director, was also a director of Goodco, Easyknit Properties Holdings Limited, Easyknit and Magical Profits Limited and a substantial shareholder of Easyknit.
- (iv) According to two Forms 2 both filed on 19 April 2024 by Easyknit, (a) upon completion of placing under specific mandate of the Company on 17 April 2024, the total number of issued Shares has increased from 103,148,116 to 338,148,116; and the conversion price of the 5% per annum coupon rate five-year convertible note in a principal amount of HK\$209,000,000 issued by the Company (as issuer) to Goodco (as noteholder) (i.e. the 2023 Convertible Note) has been adjusted from HK\$3.70 to HK\$3.49 per conversion Share and the number of unissued conversion Shares has increased from 56,486,486 to 59,885,386. Easyknit's interest in the Shares and underlying Shares has reduced from 81.35% to 25.82%; and (b) upon completion of proposed alterations of terms of the 2023 Convertible Note on 17 April 2024, the conversion price of the 2023 Convertible Note has been revised from HK\$3.49 to HK\$0.18 per conversion Share and the number of unissued conversion Shares has increased from 59,885,386 to 1,161,111,111. Easyknit's interest in the Shares and underlying Shares has increased from 25.82% to 351.48%.
- (v) According to the Form 2 filed on 13 December 2024 by Easyknit, the number of unissued conversion Shares has decreased from 1,161,111,111 to 605,555,555 after the Partial Redemption of the 2023 Convertible Note. Easyknit's interest in the Shares and underlying Shares has decreased from 351.48% to 187.19%.

Apart from Ms. Lui Yuk Chu, no Director was also a director or an employee of any substantial Shareholders.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

#### **4. DIRECTORS' INTERESTS IN ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, (a) none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024 (being the date to which the latest published audited accounts of the Group were made up); and (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which is subsisting as at the Latest Practicable Date and is significant in relation to the business of the Group.

#### **5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group.

## 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which will not expire or be terminable by the Group within one year without payment of compensation, other than statutory compensation.

## 7. DIRECTORS' INTEREST IN COMPETING BUSINESS

Name of Director	Name of company	Nature of competing business	Nature of interest
Lui Yuk Chu	Easyknit	Property development, property investment, investment in securities and others and loan financing	Director and substantial shareholder of Easyknit

Save as disclosed in this Prospectus, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

## 8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the Group within the two years immediately preceding and including the Latest Practicable Date:

- (a) the agreement (the “**Option to Purchase 2**”) entered into between the Grow Well Profits Limited (as vendor), an indirect wholly-owned subsidiary of the Company, and Yu Sung Jin (as purchaser), an independent third party in relation to the grant and exercise of the option accepted on 14 April 2023 to purchase the property known as 15 Ardmore Park #04-03, Ardmore Park, Singapore 259959 at the sale price of S\$13,008,888 pursuant to the terms and conditions of the Option to Purchase 2;
- (b) the conditional placing agreement dated 29 May 2023 entered into between Kingston Securities Limited (“**Kingston**”) (as placing agent) and the Company (as issuer) in relation to the placing, on a best effort basis, of up to 50,000,000 new Shares at the placing price of HK\$0.50 per placing Share under specific mandate;
- (c) the conditional revolving loan agreement dated 29 August 2023 (the “**Revolving Loan Agreement**”) in relation to the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by City China International Limited (“**City China**”) (an indirect wholly-owned subsidiary of the Company) (as lender) to Main Profit Investment Limited (“**Main Profit**”) (an indirect wholly-owned subsidiary of Easyknit) (as borrower) pursuant to the terms and conditions of the Revolving Loan Agreement;

- (d) the deed of guarantee dated 29 August 2023 executed by Easyknit in favour of City China, an indirect wholly-owned subsidiary of the Company, guaranteeing the obligations of Main Profit, an indirect wholly-owned subsidiary of Easyknit, under the Revolving Loan Agreement;
- (e) the conditional placing agreement dated 23 January 2024 entered into between Kingston (as placing agent) and the Company (as issuer) in relation to the placing, on a best effort basis, of up to 235,000,000 new Shares at the placing price of HK\$0.18 per placing Share under specific mandate;
- (f) the deed of amendment dated 23 January 2024 entered into between the Company and Goodco in relation to the proposed alterations of certain terms and conditions of the 2023 Convertible Note;
- (g) the deeds of assignment and assumption of interests (the “**Deeds of Assignment**”) in Templewater I, L.P. (the “**Limited Partnership**”) both dated 31 May 2024, entered into between Prime Avenue Ventures Limited (“**Prime Avenue**”) (as transferor), a direct wholly-owned subsidiary of the Company, respectively with each of Full Fortune Legacy Limited and Ulisse Holdings Limited (as transferees) (collectively, the “**Transferees**”) and Templewater I, G.P., the general partner of the Limited Partnership, pursuant to which Prime Avenue has conditionally agreed to assign and transfer to the Transferees all of the rights, title and interests in the Limited Partnership at the total consideration of US\$3,700,000, subject to adjustments as provided in the respective Deeds of Assignment;
- (h) the preliminary sale and purchase agreement dated 28 June 2024 (the “**Preliminary Sale and Purchase Agreement**”) entered into among Clever Wise Holdings Limited (as vendor), an indirect wholly-owned subsidiary of the Company, CLC Land Limited (as purchaser) and Centaline Property Agency Limited (as agent) in relation to the disposal of the property located at Ground Floor, No. 148 Johnston Road, Hong Kong at a consideration of HK\$36,000,000 pursuant to the terms and conditions of the Preliminary Sale and Purchase Agreement;
- (i) the agreement entered into between Grow Well Profits Limited (as vendor), an indirect wholly-owned subsidiary of the Company, and Park Ki Chool (as purchaser), an individual and an Independent Third Party, in relation to the grant and exercise of the option on 24 July 2024 to purchase property known as 15 Ardmore Park #18-02, Ardmore Park, Singapore 259959 at a sale price of S\$12,000,000; and
- (j) the deed of undertaking executed on 15 October 2024 by Goodco in favour of the Company, pursuant to which Goodco irrevocably undertook to not exercise any conversion rights under the 2023 Convertible Note or transfer the 2023 Convertible Note.

**9. EXPERT AND CONSENT**

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
Zhonghui Anda CPA Limited	Certified Public Accountant

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter and report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert confirmed that it (a) did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and (b) was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2024, being the date to which the latest published audited accounts of the Company were made up.

**10. EXPENSES**

The expenses in connection with the Rights Issue, including professional fees payable to independent financial adviser, reporting accountants, financial printer and other parties involved in the Rights Issue are estimated to be approximately HK\$1.0 million, which are payable by the Company.

**11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE****Board of Directors***Executive Directors:*

Mr. Lai Law Kau  
(Chairman and Chief Executive Officer)  
Ms. Lui Yuk Chu (Deputy Chairman)  
Mr. Kwong Jimmy Cheung Tim

*Independent non-executive Directors:*

Mr. Kan Ka Hon  
Mr. Lau Sin Ming  
Mr. Wu Koon Yin Welly

*Audit committee:*

Mr. Kan Ka Hon (Chairman)  
Mr. Lau Sin Ming  
Mr. Wu Koon Yin Welly

	<i>Remuneration committee:</i> Mr. Lau Sin Ming ( <i>Chairman</i> ) Mr. Kan Ka Hon Mr. Wu Koon Yin Welly Mr. Lai Law Kau
	<i>Nomination committee:</i> Mr. Wu Koon Yin Welly ( <i>Chairman</i> ) Mr. Kan Ka Hon Mr. Lau Sin Ming Mr. Lai Law Kau
<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Block A, 7th Floor Hong Kong Spinners Building, Phase 6 481–483 Castle Peak Road Cheung Sha Wan, Kowloon Hong Kong
<b>Authorised representatives</b>	Mr. Kwong Jimmy Cheung Tim Ms. Lui Yuk Chu
<b>Company Secretary</b>	Mr. Lee Po Wing, a practising solicitor since 1994.
<b>Bermuda principal share registrar and transfer office</b>	<b>Appleby Global Corporate Services (Bermuda) Limited</b> Canon's Court 22 Victoria Street PO Box HM 1179 Hamilton HM EX Bermuda
<b>Branch share registrar and transfer office in Hong Kong</b>	<b>Tricor Secretaries Limited</b> 17/F., Far East Finance Centre 16 Harcourt Road Hong Kong
<b>Principal banker</b>	<b>Hang Seng Bank Limited</b> 83 Des Voeux Road Central Hong Kong
<b>Auditors</b>	<b>Deloitte Touche Tohmatsu</b> Certified Public Accountants Registered Public Interest Entity Auditor 35/F One Pacific Place 88 Queensway Hong Kong

**12. PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT****(a) Biographical details of Directors***Executive Directors*

**Mr. Lai Law Kau**, aged 63, is the chairman, chief executive officer, an executive Director, the chairman of the executive committee of the Company, and a member of the remuneration committee and the nomination committee of the Company. Mr. Lai has been involved in the textiles industry over 20 years and has extensive experience in design, manufacturing, marketing and distribution of apparel. He is a brother-in-law of Ms. Lui Yuk Chu, the deputy chairman and an executive Director; and the vice president and an executive director of Easyknit. Mr. Lai is also an uncle of Ms. Koon Ho Yan Candy, the president and chief executive officer, and an executive director of Easyknit. In August 2020, he was appointed as an executive director and a member of the executive committee, the remuneration committee and the nomination committee of the Company. In October 2020, Mr. Lai was re-designated from an executive director and a member of the executive committee of the Company to the chairman, chief executive officer, and the chairman of the executive committee of the Company.

**Ms. Lui Yuk Chu**, aged 67, is the deputy chairman, an executive Director and authorised representative of the Company, and a member of the executive committee of the Company. She is also an executive director and vice president, and a member of the executive committee of Easyknit. Ms. Lui has been involved in the textiles industry for over 30 years and has extensive experience in design, manufacturing, marketing and distribution of apparel. She serves as director of various subsidiaries of the Company and Easyknit. Ms. Lui was appointed to the Board as an executive Director in 2003 and was appointed as deputy chairman in 2006. She is a sister-in-law of Mr. Lai Law Kau, the chairman, chief executive officer, and an executive Director of the Company. Ms. Lui is also the mother of Ms. Koon Ho Yan Candy, the president and chief executive officer, and an executive director of Easyknit.

**Mr. Kwong Jimmy Cheung Tim**, aged 81, is an executive Director and authorised representative of the Company, and a member of the executive committee of the Company. Mr. Kwong graduated from The University of Hong Kong in 1965 and was admitted as Barrister-at-Law in the United Kingdom in 1970 and in Hong Kong in 1973 respectively. Mr. Kwong has over 30 years of experience in the legal field. Mr. Kwong was appointed to the Board as an independent non-executive Director in 2003, and was subsequently re-designated as an executive Director in 2007. In 2007, Mr. Kwong was appointed as the chairman and chief executive officer of the Company. Mr. Kwong also serves as director of various subsidiaries of the Company and a subsidiary of Easyknit. In October 2020, Mr. Kwong was re-designated from the chairman and chief executive officer and the chairman of the executive committee of the Company to an executive Director and a member of the executive committee of the Company; and resigned as a member of the nomination committee and the remuneration committee of the Company.

*Independent non-executive Directors*

**Mr. Kan Ka Hon**, aged 73, is an independent non-executive Director of the Company since 2003. Mr. Kan is also the chairman and a member of the audit committee, and a member of the remuneration committee and the nomination committee of the Company. Mr. Kan holds a Bachelor's Degree in Science from The University of Hong Kong and is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Kan has over 30 years of experience in accounting and finance. Mr. Kan was an independent non-executive director of Victory City International Holdings Limited (stock code: 539).

**Mr. Lau Sin Ming**, aged 63, is an independent non-executive Director of the Company since 2004. Mr. Lau is also the chairman and a member of the remuneration committee, and a member of the audit committee and the nomination committee of the Company. Mr. Lau is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. Mr. Lau has over 30 years of experience in accounting and auditing and is now working as a tax consultant.

**Mr. Wu Koon Yin Welly**, aged 39, is an independent non-executive Director of the Company since 2017. Mr. Wu is also the chairman and a member of the nomination committee, and a member of the audit committee and the remuneration committee of the Company. Mr. Wu holds a Master in Finance degree from the University of Essex and a Bachelor of Commerce degree in the University of Sydney, Australia. Mr. Wu has over 15 years of extensive experience in the brokerage industry.

**(b) Business address of the Directors of the Company**

The business address of the Directors, the senior management and authorised representatives of the Company is the same as the Company's head office and principal place of business in Hong Kong located at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

**13. AUDIT COMMITTEE**

As at the Latest Practicable Date, the audit committee of the Company comprised three independent non-executive Directors, namely, Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly. The audit committee of the Company is chaired by Mr. Kan Ka Hon. The audit committee of the Company is responsible for monitoring and reviewing the risk management procedures and internal control system of the Group.

**14. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.eminence-enterprise.com](http://www.eminence-enterprise.com)) for 14 days from the date of this Prospectus:

- (i) the annual reports of the Company for the years ended 31 March 2022, 2023 and 2024 respectively;
- (ii) the interim report of the Company for the six months ended 30 September 2024;
- (iii) the material contracts disclosed in the paragraph under the heading “8. Material Contracts” in this Appendix to this Prospectus;
- (iv) the independent reporting accountants’ assurance report on the unaudited pro forma financial information of the Group set out in Appendix II to this Prospectus; and
- (v) the written consent of the expert referred to in the section headed “9. Expert and Consent” in this Appendix.

**15. MISCELLANEOUS**

- a. As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- b. As at the Latest Practicable Date, the Group had no exposure to foreign exchange liabilities.
- c. The English text of this Prospectus shall prevail over their respective Chinese text for the purpose of interpretation.

**16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

A copy of each of the Prospectus Documents, the material contracts disclosed in the paragraph under the heading “8. Material Contracts” in this Appendix to this Prospectus and the written consent as referred to the paragraph headed “9. Expert and consent” in this Appendix to this Prospectus, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (WUMP) Ordinance.