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

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

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This joint circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Easyknit International Holdings Limited or Eminence Enterprise Limited.



**EASYKNIT INTERNATIONAL
HOLDINGS LIMITED**

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

**VERY SUBSTANTIAL DISPOSAL
DEEMED DISPOSAL
AND
NOTICE OF THE EASYKNIT SGM**

**PLACING OF NEW SHARES
UNDER SPECIFIC MANDATE
AND
NOTICE OF THE EMINENCE SGM**

Placing Agent



金利豐證券
KINGSTON SECURITIES

A letter from the Easyknit Board is set out on pages 7 to 15 of this joint circular.

A notice convening the Easyknit SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 21 March 2024 at 9:00 a.m. is set out on pages N-Easyknit-1 to N-Easyknit-2 of this joint circular. A **white** form of proxy for use at the Easyknit SGM is enclosed. Whether or not the Easyknit Shareholders intend to attend and vote at the Easyknit SGM, the Easyknit Shareholders are requested to complete the enclosed **white** form of proxy in accordance with the instructions printed thereon and return it to Easyknit's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than forty-eight (48) hours before the time appointed for holding the Easyknit SGM or any adjournment thereof. Completion and return of the **white** form of proxy will not preclude the Easyknit Shareholders from attending and voting in person at the Easyknit SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the **white** form of proxy shall be deemed to be revoked.

A letter from the Eminence Board is set out on pages 16 to 42 of this joint circular.

A notice convening the Eminence SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 21 March 2024 at 10:00 a.m. is set out on pages N-Eminence-1 to N-Eminence-2 of this joint circular. A **blue** form of proxy for use at the Eminence SGM is enclosed. Whether or not the Eminence Shareholders intend to attend and vote at the Eminence SGM, the Eminence Shareholders are requested to complete the enclosed **blue** form of proxy in accordance with the instructions printed thereon and return it to Eminence's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not less than forty-eight (48) hours before the time appointed for holding the Eminence SGM or any adjournment thereof. Completion and return of the **blue** form of proxy will not preclude the Eminence Shareholders from attending and voting in person at the Eminence SGM or any adjournment thereof (as the case may be) should they so wish and in such event, the **blue** form of proxy shall be deemed to be revoked.

Hong Kong, 29 February 2024

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Accompanying Document – Form of Proxy

DEFINITIONS

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

“2023 Convertible Note”	the five (5)% per annum coupon rate convertible note issued on 20 February 2023 to Goodco by Eminence in the principal amount of HK\$209,000,000 conferring rights to convert at any time before the fifth (5th) anniversary of the issue thereof the principal amount into Eminence Shares on the basis of a conversion price that subsequent to the Reorganisation and Placing is at present HK\$3.70 per conversion share (subject to adjustments) details of which were set out in the joint circular of Easyknit and Eminence dated 21 January 2023
“Ace Winner”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Easyknit, and a substantial Eminence Shareholder
“associates”	has the meaning ascribed thereto under the Listing Rules
“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
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	within four (4) Business Days after the fulfillment of conditions set out in the Placing Agreement (or such other date as Eminence and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Conversion Price”	the price per Conversion Share at which the Conversion Shares will be issued on exercise of the Conversion Rights under the 2023 Convertible Note (subject to adjustments)
“Conversion Rights”	the rights attached to the 2023 Convertible Note as set out in the Deed of Amendment
“Conversion Share(s)”	the Eminence Share(s) to be allotted and issued by Eminence upon the exercise of the Conversion Rights attached to the 2023 Convertible Note

DEFINITIONS

“Deed of Amendment”	the deed of amendment dated 23 January 2024 entered into between Eminence and Goodco in relation to the Proposed Alterations
“Deemed Disposal”	deemed disposal of the shareholding interest of Easyknit in Eminence as a result of the dilution of shareholding interest of Easyknit in Eminence by the allotment and issue of the Placing Shares upon the Completion
“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 substantial Eminence Shareholder
“Easyknit Board”	the board of the Easyknit Directors
“Easyknit Director(s)”	the director(s) of Easyknit
“Easyknit Group”	Easyknit and its subsidiaries
“Easyknit SGM”	the special general meeting of Easyknit to be convened and held for the purpose of considering and, if thought fit, approving, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Easyknit Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of Easyknit
“Easyknit Shareholder(s)”	holder(s) of the Easyknit Share(s)
“Eminence”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616)
“Eminence Board”	the board of the Eminence Directors
“Eminence Circular”	the circular of Eminence dated 18 October 2023 in relation to the Revolving Loan
“Eminence Director(s)”	the director(s) of Eminence
“Eminence Group”	Eminence and its subsidiaries

DEFINITIONS

“Eminence Independent Shareholder(s)”	the Eminence Shareholder(s), other than Easyknit and its associates
“Eminence SGM”	the special general meeting of Eminence to be convened and held for the purpose of considering and, if thought fit, approving, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Eminence SGM in relation to the Proposed Alterations”	the special general meeting of Eminence to be convened and held for the purpose of considering and, if thought fit, approving the Deed of Amendment and transactions contemplated thereunder including the issue of the further Conversion Shares
“Eminence Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the share capital of Eminence
“Eminence Shareholder(s)”	holder(s) of the Eminence Share(s)
“Eminence Subsidiary”	a company which is for the time being and from time to time a subsidiary of Eminence
“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 substantial Eminence Shareholder
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with Easyknit and Eminence and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of Easyknit and Eminence or any of their respective associates (as defined in the Listing Rules)
“Joint Announcement”	the joint announcement of Easyknit and Eminence dated 23 January 2024 in relation to the Placing
“Last Trading Day”	Tuesday, 23 January 2024, being the date of the Placing Agreement
“Latest Practicable Date”	Monday, 26 February 2024, being the latest practicable date prior to the printing of this joint circular for ascertaining information for inclusion in this joint circular

DEFINITIONS

“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
“Long Stop Date”	the thirtieth (30th) day after the date of the Eminence SGM or such later date to be agreed between Eminence and the Placing Agent in writing, being the date on which all the conditions precedent of the Placing Agreement have been satisfied or waived
“Main Board”	the main board maintained and operated by the Stock Exchange
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of Eminence (and the Eminence Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any person(s), other Placee(s) or the Eminence Shareholder(s) to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, the placing agent and a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 23 January 2024 entered into between Eminence and the Placing Agent in relation to the Placing under the Specific Mandate
“Placing Price”	HK\$0.18 per Placing Share
“Placing Share(s)”	a maximum of up to 235,000,000 Eminence Shares to be placed pursuant to the Placing Agreement

DEFINITIONS

“PRC”	the People’s Republic of China
“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of the Placing Agent to the placees, on a best effort basis, on the terms and subject to the conditions set out in the placing agreement dated 29 May 2023, details of which have been disclosed in Eminence’s announcement dated 29 May 2023 and circular dated 23 June 2023
“Proposed Alterations”	the proposed amendments to the terms of the 2023 Convertible Note by the Deed of Amendment as stated in the Proposed Alterations Announcement
“Proposed Alterations Announcement”	the joint announcement of Easyknit and Eminence dated 23 January 2024 regarding the Proposed Alterations and grant of the specific mandate to issue the further Conversion Shares
“Remaining Easyknit Group”	Easyknit and its subsidiaries after the Deemed Disposal
“Reorganisation and Placing”	the capital reorganisation of, and placing of new shares under specific mandate by, Eminence announced on 29 May 2023
“Revised Conversion Price”	HK\$0.18 per Conversion Share (subject to adjustments)
“Revolving Loan”	the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by the Eminence 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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Specific Mandate”	the specific mandate to be granted by the Eminence Shareholders to the Eminence Board at the Eminence SGM for the allotment and issue of a maximum of up to 235,000,000 Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

LETTER FROM THE EASYKNIT BOARD



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

Executive Easyknit Directors:

Ms. KOON Ho Yan Candy

(President and Chief Executive Director)

Ms. LUI Yuk Chu *(Vice President)*

Independent Non-executive Easyknit Directors:

Mr. TSUI Chun Kong

Mr. JONG Koon Sang

Mr. LAU Chak Hang Charles

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of Business:

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481-483 Castle Peak Road

Cheung Sha Wan, Kowloon

Hong Kong

29 February 2024

To the Easyknit Shareholders,

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL
DEEMED DISPOSAL
AND
NOTICE OF THE EASYKNIT SGM**

INTRODUCTION

Reference is made to the Joint Announcement in relation to the Deemed Disposal.

On 23 January 2024, after trading hours, Eminence entered into the Placing Agreement with the Placing Agent pursuant to which, Eminence has conditionally agreed to issue under the Specific Mandate, and the Placing Agent has conditionally agreed to procure not fewer than six (6) Placees, on a best effort basis to subscribe for a maximum of up to 235,000,000 new Eminence Shares at the Placing Price of HK\$0.18 per Placing Share, subject to the terms and conditions of the Placing Agreement.

LETTER FROM THE EASYKNIT BOARD

Assuming all the 235,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of Easyknit in Eminence will be diluted from approximately 26.59% to 8.11% (assuming no other change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares), representing a decrease of approximately 18.48%.

Immediately upon the Completion, Eminence's financial results and financial positions of Eminence will no longer to be consolidated in the consolidated financial statements of Easyknit.

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

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are set out in the section headed "THE PLACING AGREEMENT" in the Letter from the Eminence Board on pages 17 to 26 of this joint circular.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Eminence

Subject to the Completion, assuming only the Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$42,300,000 and HK\$41,700,000 respectively, representing a net issue price of approximately HK\$0.177 per Placing Share.

The Eminence Group has advised the Easyknit Board that it intends to use the net proceeds of HK\$35,000,000 for repayment of the Eminence Group's bank loan(s) and the remaining balance of approximately HK\$6,700,000 for general working capital of the Eminence Group.

The detailed reason for and benefits of the Placing and the use of proceeds by Eminence are set out in the section headed "REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS" in the Letter from the Eminence Board on pages 26 to 29 of this joint circular.

Easyknit

The Hong Kong property sector has been and continues to suffer from strong headwinds of high interest rates, geopolitical tensions, a sluggish property market from lack of demand and the downturn of the property market is unlikely to reverse in the short term. The market will continue to be vulnerable in 2024 especially on the residential side. Under such bleak economic conditions and uncertain future interest rate adjustments, the relaxation of the cooling measures by the Hong Kong Government has not reversed the downward trend in home prices. The commercial property leasing and investment markets have experienced downturn and continues to show no improvement. The road to economic recovery for Hong Kong will remain bumpy and challenging in 2024.

LETTER FROM THE EASYKNIT BOARD

In a sluggish property market, the banks have tightened and continues to be very cautious in lending and extending credit to property developers. The cost of borrowing has risen in the past few years and continues to remain high.

The Eminence Group reported unaudited consolidated loss attributable to shareholders of Eminence for the six months ended 30 September 2023 of approximately HK\$158,263,000 as compared to a profit for the corresponding period in 2022 and the year ended 31 March 2023. The Placing provides Eminence with funding which will enable it to sustain its business and operations as well as reduce its bank loans. Such funding will also help Eminence from further deterioration in its finances and continue its business in a very tough business environment.

Upon the Completion, Eminence will have the net proceeds of approximately HK\$41,700,000, of which HK\$35,000,000 is for repayment of the Eminence Group's bank loan(s) and the remaining balance of approximately HK\$6,700,000 is for general working capital of the Eminence Group. Although Eminence will no longer be a subsidiary and will be deconsolidated from the Easyknit Group, the Easyknit Board considers that it would be beneficial to support the Placing as it will not be in Easyknit's interest as an investor to allow any deterioration in Eminence's financial position.

The net proceeds from the Placing brings in new monies of approximately HK\$41,700,000 at a significantly lower cost and at the same time expands the net asset base of the Eminence Group. It will also reduce gearing and save finance cost of the Eminence Group itself after the proposed repayment of loan(s) to bank. At the current market conditions, the combination of this shall strengthen the financial position and operating prospect of the Eminence Group and is beneficial to the Eminence Shareholders including Easyknit as a whole.

Set out below are the abridged consolidated results of Eminence Group for the years ended 31 March 2022, 2023 and the six months ended 30 September 2023 respectively as extracted from the annual report of Eminence for the year ended 31 March 2023 and the interim report of Eminence for the six months ended 30 September 2023:

	As at 31 March 2022 (audited) <i>HK\$'000</i>	As at 31 March 2023 (audited) <i>HK\$'000</i>	As at 30 September 2023 (unaudited) <i>HK\$'000</i>
Total assets	4,879,808	5,624,267	5,700,875
Net assets value	3,015,187	3,235,166	3,084,011

LETTER FROM THE EASYKNIT BOARD

	For the year ended 31 March 2022 (audited) HK\$'000	For the year ended 31 March 2023 (audited) HK\$'000	For the six months ended 30 September 2023 (unaudited) HK\$'000
Profit (loss) before taxation from continuing operations	87,219	57,321	(149,710)
Profit (loss) before taxation from discontinued operation	36,278	8,651	(10,662)
Profit (loss) before taxation from continuing and discontinued operations	123,497	65,972	(160,372)
Profit (loss) after taxation from continuing and discontinued operations	116,447	63,572	(158,263)

In the circumstances that Eminence's financial statements is not consolidated with the accounts of Easyknit, as at 30 September 2023, the book value of Eminence attributable to the owners of Easyknit was HK\$3,084,011,000. The Easyknit Group is expected to recognize a loss on Deemed Disposal of approximately HK\$509,070,000. The loss was calculated by netting off the net loss of Deemed Disposal of Eminence Group of approximately HK\$749,811,000 with the gain on bargain purchase of approximately HK\$240,741,000 at the date of deemed acquisition of Eminence Group and its becoming an associate of Easyknit. The total assets of the Easyknit Group would decrease by approximately HK\$5,125,458,000 and the consolidated total liabilities of the Group would decrease by approximately HK\$2,431,416,000. Such deconsolidation represents purely one of the forms of accounting treatment, and the estimation is for illustrative purpose only and does not purport to represent how the financial position of the Easyknit Group will be presented after the Deemed Disposal.

Immediately upon the Completion (assuming the Placing is completed in full), the net proceeds of approximately HK\$41,700,000 will increase the total assets and net assets of Eminence. The increased total assets is attributable to the increase in cash balance as a result of the receipt of the net proceeds. Out of the net proceeds received, HK\$35,000,000 will be used for partial repayment of bank loan(s) for refinancing which will decrease total borrowings of Eminence. The gearing of Eminence will then decrease given a decrease in total borrowings with an increased net assets of Eminence.

LETTER FROM THE EASYKNIT BOARD

After the Completion, Easyknit's share of net assets and operating results of Eminence will decrease in accordance with the dilution of its interest in Eminence after the Deemed Disposal and Eminence will not be regarded as a subsidiary of Easyknit, its results and financial position will be deconsolidated from the financial statements of Easyknit. Easyknit will present its own consolidated financial statement and its interest in Eminence will be accounted for as a separate line item as interest in an associate in balance sheet representing Easyknit's share of net assets of Eminence. After then, Easyknit will continue to benefit from its share of net assets and operating results of Eminence through its attributable equity interest in it.

With consideration that Easyknit's share of net assets and operating results of Eminence will decrease after the Deemed Disposal, the Placing will provide Eminence with immediate, important and additional funding to meet its imminent financial needs for refinancing the outstanding construction loan of a commercial development project in Matheson Street, Causeway Bay, Hong Kong (Project Matheson Street), and ease the financial pressure that may exert on current business operations of the Eminence Group, as well as other developing projects which will require further funding for the completion or at time of refinancing. Apart from Project Matheson Street, Eminence has three (3) other property development projects including the industrial development project in King Lam Street, Kowloon (Project King Lam Street) that is due to be completed in the first quarter of 2024, the residential development project at Kennedy Town, Hong Kong (Project Kennedy Town) which is expected to be completed in 2025 and the industrial development project at Castle Peak Road, Kowloon (Project Fung Wah) which is expected to be completed in 2026. As property development is one of the principal businesses and major income sources of the Eminence Group, and is vital to the sustainability of its long-term business development and prospect and consequently the interests of all the Eminence Shareholders. The funding from the Placing is therefore crucial to Eminence. The Easyknit Board considers that the importance and benefits of the Placing outweigh the dilution effect brought by the Deemed Disposal and accordingly, is fair and reasonable.

Although there will be potential loss of control and a loss on the Deemed Disposal will be recognized by Easyknit, the Easyknit Directors consider that such outcome does not involve actual cash outflow of Easyknit or a crystallization of loss upon realization. Besides, the operations of Easyknit, including its own various property development projects are separate and independent of those of Eminence, the Easyknit Board is of the opinion that the Deemed Disposal of Eminence will not have an actual effect on the current business operations of Easyknit.

If the Eminence Group fails to obtain the Eminence Shareholders' approval for the Placing, the Placing will not proceed, no new Eminence Shares will be issued and no proceeds will be received by the Eminence Group. The Easyknit Group's shareholding in the Eminence Group will not be diluted. If Eminence fails to obtain the Eminence Shareholders' approval for the Placing, Eminence's financial results and financial positions will be adversely affected as it heads to repay and/or refinance its bank loan(s). The current high interest rate will not be improved in the short to medium term.

LETTER FROM THE EASYKNIT BOARD

The Easyknit Board concurs with the view of the Eminence Board that the Placing will strengthen the financial position of Eminence and provide funding to Eminence to repay its outstanding bank loan(s) and lower its gearing ratio. The Easyknit Board also concurs with the view of the Eminence Board that the Placing represents a good opportunity to broaden the Eminence Shareholders' base and the net asset base of the Eminence Group.

If the Placing is not proceeded, Eminence will not be able to obtain additional funding for partial repayment in refinancing the HK\$500,000,000 construction loan. Eminence may not be able to obtain other forms of finance at reasonable cost and at a limited period of time. Eminence will have to utilize its existing available cash resources, that is HK\$158,573,000 as source for repayment. This will inevitably impact the availability of cashflows that will be required for Eminence's recurring operations, payment of construction cost, as well as the repayments of bank loan and finance cost. The current operations and the progress of various construction projects crucial to the sustainability and prospect of Eminence would be affected.

Although there will be potential loss of control and a loss on the Deemed Disposal will be recognized by Easyknit, the Easyknit Directors consider that such outcome does not have actual cash effect on the current business operations of Easyknit. The investment by Easyknit in Eminence is strategic and for long term. Taking into account the importance of financial viability and prospect of Eminence, the Easyknit Board considers that the Placing is in the interests of Easyknit and the Easyknit Shareholders as a whole.

In view of the above quantitative benefits from the Placing, the Easyknit Board considers that such benefits outweigh the potential downside of loss of control of Eminence. The Easyknit Directors (including all the independent non-executive Easyknit Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and as far as the Easyknit Shareholders are concerned, and will be in the interests of Easyknit and the Easyknit Shareholders as a whole.

LETTER FROM THE EASYKNIT BOARD

EFFECT ON THE SHAREHOLDING STRUCTURE OF EMINENCE

As at the Latest Practicable Date, Eminence has 103,148,116 Eminence Shares in issue. The table below sets out the shareholding structure of Eminence (i) as at the Latest Practicable Date; and (ii) immediately upon the Completion (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the share capital of Eminence from the Latest Practicable Date up to the Completion):

	As at the Latest Practicable Date		Immediately upon the Completion	
	<i>Number of Eminence Shares</i>	<i>Approximate %</i>	<i>Number of Eminence Shares</i>	<i>Approximate %</i>
Substantial Eminence Shareholders				
Easyknit	675,000	0.65	675,000	0.20
Ace Winner (<i>Note 1</i>)	12,113,454	11.74	12,113,454	3.58
Goodco (<i>Note 1</i>)				
– Eminence Shares	14,055,799	13.63	14,055,799	4.16
– Underlying Eminence Shares	56,486,486*		56,486,486*	
Landmark Profits Limited (<i>Note 1</i>)	584,684	0.57	584,684	0.17
	<u>27,428,937</u>	<u>26.59</u>	<u>27,428,937</u>	<u>8.11</u>
Public Eminence Shareholders				
The Placees	–	–	235,000,000	69.50
CHENG Tun Nei	10,000,000	9.69	10,000,000	2.96
Other public Eminence Shareholders	65,719,179	63.72	65,719,179	19.43
	<u>75,719,179</u>	<u>73.41</u>	<u>310,719,179</u>	<u>91.89</u>
Total	<u>103,148,116</u>	<u>100.00</u>	<u>338,148,116</u>	<u>100.00</u>

Note:

1. a wholly-owned subsidiary of Easyknit

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

LETTER FROM THE EASYKNIT BOARD

INFORMATION ON THE EMINENCE GROUP

Eminence is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616). As at the Latest Practicable Date, Eminence is owned as to approximately 26.59% by Easyknit; and the Eminence Group holds approximately 2.33% of Easyknit. The Eminence Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

INFORMATION ON THE EASYKNIT GROUP

Easyknit is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218). The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

INFORMATION ON THE PLACING AGENT

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

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

DEEMED DISPOSAL OF EASYKNIT AND LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Easyknit holds 27,428,937 Eminence Shares, representing approximately 26.59% of the total issued share capital of Eminence.

Assuming all the 235,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of Easyknit in Eminence will be diluted from approximately 26.59% to approximately 8.11% (assuming there will be no other change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares), representing a decrease of approximately 18.48%. Accordingly, such dilution of shareholding interest in Eminence of Easyknit immediately after the Completion constitutes a deemed disposal transaction of Easyknit under Rule 14.29 of the Listing Rules.

Immediately upon the Completion, Eminence's financial results and financial positions will no longer be consolidated in the consolidated financial statements of the Easyknit Group.

The remaining shares of Eminence held by Easyknit are intended to be retained.

As one or more applicable percentage ratios in respect of the Deemed Disposal exceeds 75%, the Deemed Disposal constitutes a very substantial disposal of Easyknit under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and the Easyknit Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE EASYKNIT BOARD

The Easyknit SGM will be convened for the Easyknit Shareholders to consider and, if thought fit, approve the Placing Agreement and the transactions contemplated thereunder. As at the Latest Practicable Date, Eminence Group holds approximately 2.33% of Easyknit Shares and has material interest in the Deemed Disposal, Eminence shall abstain from voting at the Easyknit SGM. To the best knowledge, information and believe of the Easyknit Directors and having made reasonable enquiries, no other Easyknit Shareholder is involved in or interested in the Placing Agreement and transactions contemplated thereunder which requires him/her/it to abstain from voting on the proposed resolution(s) to approve the Placing Agreement and transactions contemplated thereunder at the Easyknit SGM.

RECOMMENDATION

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

ADDITIONAL INFORMATION

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

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

LETTER FROM THE EMINENCE BOARD



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

Executive Eminence 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 Eminence 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

29 February 2024

To the Eminence Shareholders

Dear Sir or Madam,

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE
AND
NOTICE OF THE EMINENCE SGM**

INTRODUCTION

Reference is made to the Joint Announcement.

The purpose of this joint circular is to provide you with, among other things, (i) details of the Placing Agreement and transactions contemplated thereunder; (ii) a notice convening the Eminence SGM together with related form of proxy; and (iii) other information as required under the Listing Rules.

LETTER FROM THE EMINENCE BOARD

THE PLACING AGREEMENT

On 23 January 2024 (after trading hours), the Placing Agent and Eminence entered into the conditional Placing Agreement pursuant to which Eminence has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 235,000,000 Placing Shares at the Placing Price of HK\$0.18 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

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

Date

23 January 2024 (after trading hours)

Parties

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

Placing Agent

Pursuant to the terms and conditions of the Placing Agreement, Eminence has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 235,000,000 Placing Shares to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties. The terms and conditions of the Placing Agreement were arrived at after arm's length negotiation between Eminence and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Eminence Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on the current market conditions.

LETTER FROM THE EMINENCE BOARD

To the best of the Eminence Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, Mrs. Chu Yuet Wah, the ultimate beneficial owner of the Placing Agent, held 2,600,000 Eminence Shares, representing approximately 2.52% of the total issued share capital of Eminence. The Placing Agent will be entitled to receive a placing commission of one (1)% of the Placing Price in respect of such number of the Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing. The placing commission was determined after arm's length negotiations between Eminence and the Placing Agent with reference to the prevailing market rates.

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

Stock code	Name of listed company	Name of placing agent	Date of announcement	Placing commission
362	China Zenith Chemical Group Limited	Ruibang Securities Limited	15 December 2023	3%
8536	TL Natural Gas Holdings Limited	CNI Securities Group Limited	15 December 2023	3%
8007	Global Strategic Group Limited	Leeds Securities Investment Limited	19 December 2023	3%
1010	Balk 1798 Group Limited	Leeds Securities Investment Limited	22 December 2023	3%
8471	Reach New Holdings Limited	Ruibang Securities Limited	2 January 2024	2%
8516	Grand Talents Group Holdings Limited	Global Mastermind Securities Limited	2 January 2024	2%
2011	China Apex Group Limited	KGI Asia Limited	4 January 2024	1.75%
2212	Future Bright Mining Holdings Limited	VBG Capital Limited	5 January 2024	1.1%
8305	Allurefem Holding Limited	Yuet Sheung International Securities Limited	8 January 2024	3%
8622	Huakang Biomedical Holdings Company Limited	Cheong Lee Securities Limited	8 January 2024	1.5%

LETTER FROM THE EMINENCE BOARD

Stock code	Name of listed company	Name of placing agent	Date of announcement	Placing commission
2127	Huisen Household International Group Limited	Cheer Union Securities Limited	11 January 2024	1.5%
328	Alco Holdings Limited	Space Securities Limited	12 January 2024	3.5%
8125	Royal Century Resources Holdings Limited	Space Securities Limited	17 January 2024	1%
8547	Pacific Legend Group Limited	KGI Asia Limited	17 January 2024	2%
1683	Hopelife International Holdings Limited	CNI Securities Group Limited	19 January 2024	1%
6689	Chongqing Hongjiu Fruit Co., Limited	VBG Capital Limited	21 January 2024	2.5%

With reference to the above comparables, the Eminence Board has made references to comparable placing exercises recently conducted by other companies listed on the Stock Exchange where their placing commission rates majority ranged from 2% to 3%. Therefore, the Eminence Directors consider that the 1% placing commission is fair and reasonable and is in line with the market rate.

Placee(s)

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

LETTER FROM THE EMINENCE BOARD

Number of the Placing Shares

Assuming that there will be no change in the issued share capital of Eminence between the Latest Practicable Date and the Completion, the maximum number of the Placing Shares under the Placing represents (i) approximately 227.83% of the issued share capital of Eminence as at the Latest Practicable Date; and (ii) approximately 69.50% of the issued share capital of Eminence as enlarged by the allotment and issue of the Placing Shares (assuming the Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$2,350,000.

Ranking of the Placing Shares

The Placing Shares under the Placing will rank, upon issue under the Specific Mandate at the Eminence SGM, *pari passu* in all respects with the Eminence Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

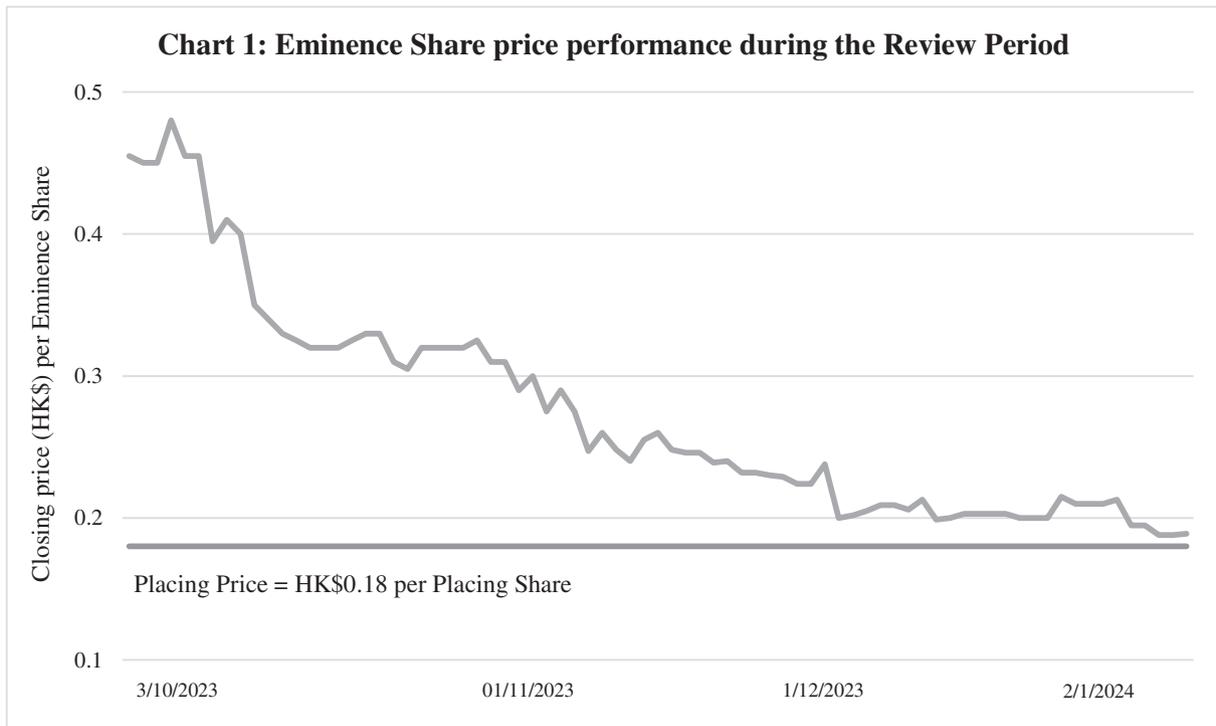
The Placing Price of HK\$0.18 per Placing Share represents:

- (i) a discount of approximately 4.76% to the closing price of HK\$0.1890 per Eminence Share as quoted on the Stock Exchange on the date of the Placing Agreement (that is, 23 January 2024), being the Last Trading Day;
- (ii) a discount of approximately 5.76% to the average closing price of approximately HK\$0.1910 per Eminence Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 10.58% to the average closing price of approximately HK\$0.2013 per Eminence Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 5.62%, represented by the theoretical diluted price of approximately HK\$0.1848 per Eminence Share to the benchmarked price of approximately HK\$0.1958 per Eminence Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on 23 January 2024, being the date of the Placing Agreement of HK\$0.1890 per Eminence Share and the average of the closing prices of the Eminence Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.1958 per Eminence Share);
- (v) 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 9.41%, represented by the cumulative theoretical diluted price of approximately HK\$0.0154 per Eminence Share to the theoretical benchmarked price of approximately HK\$0.0170 per Eminence Share in respect of the Previous Placing (as defined under Rule 7.27B of the Listing Rules, taking into account the benchmarked price of the Previous Placing, being approximately HK\$0.0170 per Eminence Share); and

LETTER FROM THE EMINENCE BOARD

- (vi) a discount of approximately 18.55% to the closing price of HK\$0.221 per Eminence Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Placing Price was determined after arm's length negotiation between Eminence and the Placing Agent with reference to the prevailing market prices and the recent trading performance of the Eminence Shares. In determining the Placing Price, the Eminence Directors have reviewed the closing prices of the Eminence Shares during the period from 3 October 2023 and up to and including 23 January 2024, being the date of the Placing Agreement (the "**Review Period**"), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the Eminence Shares. The following chart depicts the trend of the closing prices of the Eminence Shares during the Review Period:



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

As shown in Chart 1 above, the closing prices of the Eminence Shares fluctuated within the range from HK\$0.1880 per Eminence Share to HK\$0.4800 per Eminence Share. The average closing price of the Eminence Shares was approximately HK\$0.2742 during the Review Period. The Placing Price of HK\$0.18 per Placing Share represents a discount of approximately 34.35% to the average closing price of the Eminence Shares during the Review Period. The Eminence Directors consider that the Review Period could reflect the most recent trend of the prevailing market price of the Eminence Shares.

LETTER FROM THE EMINENCE BOARD

The Eminence Directors have also reviewed the trading liquidity of the Eminence Shares during the seven (7)-month period from July 2023 to January 2024 (up to 23 January 2024, being the date of the Placing Agreement) (the “**Period**”). The following table sets out the trading volume of the Eminence Shares during the Period:

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

Month/Period	Total trading volume <i>(Number of Eminence Shares)</i>	Number of trading days	Average daily trading volume <i>(Number of Eminence Shares)</i> <i>(approximately)</i>	Average daily trading volume as a percentage of the total number of issued Eminence Shares <i>(note)</i> <i>(approximate %)</i>
July 2023	3,040,288	20	152,014	0.15
August 2023	8,044,266	23	349,751	0.34
September 2023	4,484,156	19	236,008	0.23
October 2023	15,166,650	20	758,333	0.74
November 2023	21,980,829	22	999,129	0.97
December 2023	5,745,507	19	302,395	0.29
January 2024 (up to 23 January 2024)	2,391,003	16	149,438	0.14
The Period	60,852,699	139	437,789	0.42

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

Note: The calculation is based on the average daily trading volume of the Eminence Shares divided by the total number of issued Eminence Shares as at the respective month or period end.

As illustrated in Table 1 above, the average daily trading volume during the Period ranged from approximately 149,438 Eminence Shares to approximately 999,129 Eminence Shares, representing approximately 0.14% to approximately 0.97% of the total number of issued Eminence Shares as at the date of the Placing Agreement respectively. The Eminence Directors noted that the average daily trading volume during the Period of less than 1% of the total number of issued Eminence Shares was thin.

LETTER FROM THE EMINENCE BOARD

In addition, the Placing Price of HK\$0.18 per Placing Share represents an approximately 99.4% discount to the net asset value per Eminence Share of approximately HK\$29.90 on the basis of the total number of 103,148,116 issued Eminence Shares as at the date of the Placing Agreement and net assets as at 30 September 2023 of approximately HK\$3,084.0 million.

Taking into account (i) the recent trading performance of the Eminence Shares; and (ii) the low average daily trading volume of the Eminence Shares during the Period, the Eminence Directors consider that it is reasonable and necessary to set the Placing Price at a discount to the recent market price of the Eminence Shares so as to attract the Placees and potential investors of Eminence to participate in the Placing under the current market conditions. The Eminence Directors (including the independent non-executive Eminence Directors) consider that the terms and conditions of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of Eminence and the Eminence Shareholders as a whole.

Subject to the Completion, assuming the Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$42,300,000 and HK\$41,700,000 respectively, representing a net issue price of approximately HK\$0.177 per Placing Share. Eminence intends to use the net proceeds of approximately HK\$41,700,000, of which HK\$35,000,000 for repayment of the Eminence Group's bank loan(s) and the remaining balance of approximately HK\$6,700,000 for general working capital of the Eminence Group.

Conditions of the Placing Agreement

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

- (a) the duly passing of ordinary resolution(s) at the Easyknit SGM by the Easyknit Shareholders regarding the approval of the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) the duly passing of ordinary resolution(s) at the Eminence SGM by the Eminence Shareholders regarding the approval of the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (d) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms under the Placing Agreement, including provisions regarding force majeure event.

LETTER FROM THE EMINENCE BOARD

If the above conditions precedent are not satisfied and/or waived (other than conditions (a) and (b) above which cannot be waived) in whole or in part by the Placing Agent on or before the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breach of the Placing Agreement).

The Placing is subject to the Eminence Shareholders' approval and therefore, the Eminence Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing. The Placing Agreement is conditional upon the Easyknit Shareholders' approval. As at the Latest Practicable Date, Easyknit together with its associates control or are entitled to exercise control over voting rights of approximately 26.59% of the Eminence Shares. As the Proposed Alterations are conditional upon the approval from the Easyknit Shareholders at the Easyknit SGM regarding the Placing Agreement and the Specific Mandate, the Easyknit Group and its associates are considered to have material interest in the Placing and therefore will abstain from voting at the Eminence SGM on the ordinary resolution(s) approving the Placing Agreement and the Specific Mandate.

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

Termination of the Placing Agreement

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

- (i) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any natures whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for Eminence or the Placing Agent to proceed with the Placing; or

LETTER FROM THE EMINENCE BOARD

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for Eminence or the Placing Agent to proceed with the Placing.

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

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

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

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

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

Completion

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

LETTER FROM THE EMINENCE BOARD

Application for Listing

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

Specific Mandate

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

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

Eminence is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616). The Eminence Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

The HK\$500,000,000 outstanding construction loan relates to a commercial development project in Matheson Street, Causeway Bay, Hong Kong (Project Matheson Street) and according to the latest progress, it is expected that the project will be completed with occupation permit being issued within the first quarter of 2024.

The HK\$300,000,000 outstanding construction loan relates to an industrial development project in King Lam Street, Kowloon (Project King Lam Street) which is also expected to be completed within the first quarter of 2024.

The expected partial prepayment of HK\$35,000,000 to the HK\$500,000,000 outstanding construction loan when being refinanced is the major change in circumstance leading to the Placing after publication of the Eminence Circular.

If the HK\$35,000,000 partial repayment is financed out of internal available funds, the Eminence Group may not have sufficient funding to support its daily operations, principal and interest payments of loan, construction related costs as well as the partial repayment which may also be required for the other HK\$300,000,000 loan that will be due before the first half of 2024.

It is likely that bank may require partial settlement to the HK\$300,000,000 outstanding construction loan when refinancing. The Eminence Group has indicated intention to refinance to the bank during the last quarter of 2023 and is awaiting proposed terms from the bank.

As mentioned in the Eminence Circular, offering the above-mentioned two (2) projects for sale whether by en bloc or strata sale anytime is always a key option taken by the Eminence Group when opportunities arise and as long as there is favourable offer. Before that happens, the Eminence Group will maximize its return by leasing out the properties for rental purpose. These strategies have currently been adopted for the abovementioned two (2) projects.

LETTER FROM THE EMINENCE BOARD

The repayment of HK\$35,000,000 is a partial repayment of the HK\$500,000,000 outstanding construction loan of a project due January 2024 which is a condition proposed by the bank in refinancing the loan for an extended loan tenor and refreshed repayment terms. The loan may not be refinanced if Eminence does not agree to such repayment and the Eminence Group will have to repay the loan in full or seek other banks to refinance such loan. The Eminence Group is currently finalizing the terms with the bank and expected to complete the refinancing before March 2024.

Cash balance of the Eminence Group as at 31 December 2023 was approximately HK\$361,473,000 as recorded in the consolidated management accounts of the Eminence Group. Loan balance granted to the Easyknit Group under the Revolving Loan Agreement was HK\$10,000,000 as at 31 December 2023.

In December 2023, the Eminence Group received further RMB30,000,000 compensation from the Huzhou Government in respect of the land resumption of the Huzhou properties. As at 31 December 2023, out of the total amount of RMB386,982,000 compensation amount that is receivable, RMB309,585,600 have already been received. The remaining amount that is due to be received is RMB77,396,400. The land resumption has not completed yet. The Eminence Group will continue to liaise with the authorities in the PRC.

The previous unavailable portion of the part deposit of the compensation received of approximately HK\$184,100,000 plus the HK\$31,900,000, Hong Kong dollars equivalent of the newly received RMB30,000,000 in December 2023, will be available for use when the land resumption of the Huzhou properties is completed and the relevant profits is taxed and remitted out of the PRC by way of dividends or distributions after winding up of an indirect wholly-owned subsidiary of Eminence in Huzhou, Easyknit Enterprises (Huzhou) Co., Ltd. (永義實業(湖州)有限公司).

Besides, the expected completion of the land resumption of the Huzhou properties is estimated to be within the first half of 2024. The funds in the PRC will be repatriated to Hong Kong and become available only upon subsequent capital reduction or winding up of Easyknit Enterprises (Huzhou) Co., Ltd. (永義實業(湖州)有限公司) which is expected to be completed by the end of 2024.

The Eminence Board has considered other fund-raising methods including debt financing and/or other equity financing options such as rights issue and open offer. However, the Eminence Board is of the view that debt financing, such as bank borrowings, will depend on the prevailing market condition, and may be subject to lengthy due diligence and loan application processes with banks. In addition, debt financing will impose additional interest burden on the Eminence Group which will, in turn, worsen the Eminence Group's financial performance and position. For other alternative equity fund-raising methods such as rights issue and open offer, having considered (i) the relatively higher costs for conducting rights issue or open offer due to additional costs for engagement of various professional parties such as underwriter(s), reporting accountants, financial advisers and/or brokerage agent(s); and (ii) a relatively longer time is usually required for rights issue or open offer which involve more stringent documentary and registration requirements, the Eminence Board does not consider rights issue and open offer to be desirable alternatives to the Placing.

The Eminence Board has 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.

LETTER FROM THE EMINENCE BOARD

As at 31 December 2023, the Eminence Group had cash balance of approximately HK\$361,473,000, of which approximately HK\$202,900,000 was considered unavailable amount retained in the PRC, leaving available amount to be approximately HK\$158,573,000. Although Eminence had available cash balance of approximately HK\$158,573,000, it is forecasted that for the period from January to March of 2024, Eminence will have to expend approximately HK\$14,900,000 for recurring operating expenses, approximately HK\$52,900,000 for unfinanced construction cost of properties under development, approximately HK\$11,300,000 for loan principal repayment and approximately HK\$43,000,000 for finance cost, totaling approximately HK\$122,100,000. As mentioned above, Eminence has to prepare to set aside certain funds to prepare for prepayment required to refinance the HK\$300,000,000 construction loan due soon on or before June 2024. Therefore, Eminence did not consider the use of existing available funds to settle the partial bank loan(s) repayment of HK\$35,000,000. Apart from the partial repayment of HK\$35,000,000 for refinancing the HK\$500,000,000 construction loan as mentioned above, Eminence has to set aside funds to prepare for repayment required, if any, to refinance the HK\$300,000,000 construction loan which will be soon due after completion of the project. Besides, sufficient funds should be retained to support the recurring operations of the Eminence Group and finance cost of the development projects. As regard the HK\$500,000,000 construction loan refinancing, the initial extended repayment date is 31 March 2024 and the bank is in the progress of approving the loan refinancing. The refinanced loan shall have a maturity of two (2) years from 31 March 2024.

As regard asset realization, the Eminence 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.

In considering whether to provide further loan to Easyknit under the Revolving Loan Agreement, Eminence has to consider its financial position and available cash resources at the time when Easyknit request for drawdown of the Revolving Loan. The availability for drawdown by Easyknit under the Revolving Loan Agreement is subject to Eminence's discretion. Further, the outstanding Revolving Loan balance as at the Latest Practicable Date drawn by the Easyknit Group amounted to HK\$25,000,000 and the amount could only be demanded to be repaid at the maturity of any interest period which is currently three (3) months from drawdown date. Moreover, the amount is not sufficient to meet the proposed repayment amount required by the bank. As at the Latest Practicable Date, the Eminence Board considers that Eminence has no current plan to provide further financing to the Easyknit Group under the Revolving Loan Agreement and will assess the financial position of the Eminence Group before provision of further financing. Eminence will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

Having considered the above options, the Eminence Directors have concluded that the Placing would be a more direct, effective and timely way of raising funds for the Eminence Group to meet the forthcoming loan repayment needs.

LETTER FROM THE EMINENCE BOARD

Save for the abovementioned, the Eminence Directors are of the opinion that the Eminence Group has sufficient cash balance to satisfy all funding needs together with all the liabilities (including repayment of bank loans) which will mature in the next twelve (12) months. In the absence of unforeseeable circumstances, the Eminence Group has sufficient working capital for the next twelve (12) months and Eminence has no present plan or intention to conduct, or has not entered into any agreement, arrangement, undertaking or negotiation in relation to, any debt and/or equity fund-raising activities in the next twelve (12) months.

Subject to the Completion, assuming the Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$42,300,000 and HK\$41,700,000 respectively, representing a net issue price of approximately HK\$0.177 per Placing Share. Eminence intends to use the net proceeds of approximately HK\$41,700,000, of which HK\$35,000,000 for repayment of the Eminence Group's bank loan(s) and the remaining balance of approximately HK\$6,700,000 for general working capital of the Eminence Group.

The Eminence Board is of the view that the Placing will strengthen the financial position of Eminence and provide funding to Eminence to meet any future investment opportunities and repay the outstanding bank loan(s) and lower the gearing ratio of the Eminence Group. The Placing also represents a good opportunity to broaden the Eminence Shareholders' base and the capital base of Eminence.

The Eminence Directors (including all the independent non-executive Eminence Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interests of Eminence and the Eminence Shareholders as a whole.

LETTER FROM THE EMINENCE BOARD

EFFECTS ON THE SHAREHOLDING STRUCTURE OF EMINENCE

To the best of the Eminence Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of Eminence (i) as at the Latest Practicable Date; and (ii) immediately upon the Completion (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the share capital of Eminence from the Latest Practicable Date up to the Completion) are set out as follows:

	As at the Latest Practicable Date		Immediately upon the Completion	
	<i>Number of Eminence Shares</i>	<i>Approximate %</i>	<i>Number of Eminence Shares</i>	<i>Approximate %</i>
Substantial Eminence Shareholders				
Easyknit	675,000	0.65	675,000	0.20
Ace Winner	12,113,454	11.74	12,113,454	3.58
Goodco				
– Eminence Shares	14,055,799	13.63	14,055,799	4.16
– Underlying Eminence Shares	56,486,486*		56,486,486*	
Landmark Profits Limited	584,684	0.57	584,684	0.17
	27,428,937	26.59	27,428,937	8.11
Public Eminence Shareholders				
The Placees	–	–	235,000,000	69.50
CHENG Tun Nei	10,000,000	9.69	10,000,000	2.96
Other public Eminence Shareholders	65,719,179	63.72	65,719,179	19.43
	75,719,179	73.41	310,719,179	91.89
Total	103,148,116	100.00	338,148,116	100.00

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

LETTER FROM THE EMINENCE BOARD

ADJUSTMENT IN RELATION TO THE OTHER SECURITIES OF EMINENCE

As at the Latest Practicable Date, Eminence has outstanding 2023 Convertible Note which is convertible into 56,486,486 Eminence Shares at an adjusted current Conversion Price of HK\$3.70 per conversion Eminence 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 Placing may lead to adjustment to the Conversion Price and the number of the Eminence Shares falling to be issued upon conversion of the 2023 Convertible Note.

As stated in the Proposed Alterations Announcement, on 23 January 2024 (after trading hours), Goodco, an indirect wholly-owned subsidiary of Easyknit and a substantial Eminence Shareholder, entered into the Deed of Amendment with Eminence, pursuant to which they conditionally agreed to amend the terms of the 2023 Convertible Note.

DEED OF AMENDMENT

Reference is made to the Proposed Alternations Announcement. Unless otherwise defined, capitalized terms used herein below shall have the same meanings as those defined in the Proposed Alternations Announcement.

Key terms of the Deed of Amendment are summarised below.

On 23 January 2024 (after trading hours), Eminence and Goodco entered into the Deed of Amendment the effect of which if it becomes unconditional is to:

- (A) change the current Conversion Price from HK\$3.70 per Conversion Share to the Revised Conversion Price (subject to adjustments); and
- (B) alter the early redemption provision, to give Eminence and Goodco the right to redeem the 2023 Convertible Note at any time, in whole or in part.

The Proposed Alterations were arrived at after arm's length negotiations between Eminence and Goodco with reference to the existing financial performance and conditions of the Eminence Group and the prevailing market price of the Eminence Shares.

Certain key terms of the 2023 Convertible Note before and after the Proposed Alterations are summarised below.

	Before the Proposed Alterations	After the Proposed Alterations
Principal amount:	HK\$209,000,000	Unchanged
Maturity date:	19 February 2028, being the day last preceding the fifth (5th) anniversary of the date of issue	Unchanged
Conversion Price:	HK\$3.70 (subsequent to the Reorganisation and Placing)	HK\$0.18

LETTER FROM THE EMINENCE BOARD

	Before the Proposed Alterations	After the Proposed Alterations
Number of the Conversion Shares issuable:	56,486,486	1,161,111,111 (upon full conversion)
Number of the Conversion Shares: (see “Public float” below in this table)	56,486,486	883,333,333 (assuming the Placing is completed in full)
Interest rate:	five (5)% per annum, payable semi-yearly in arrears	Unchanged
Conversion Rights:	The holder of the 2023 Convertible Note has the right to convert the whole or part of the outstanding principal amount of the 2023 Convertible Note (in amounts of not less than an integral multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the 2023 Convertible Note is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the conversion period at the Conversion Price per Conversion Share (subject to adjustments).	Unchanged
Public float:	Eminence will not be obliged to issue any Conversion Share if immediately following the conversion, Eminence will be unable to meet the minimum public float requirements under the Listing Rules.	Unchanged
Conversion period:	The period from the date falling on the issue date up to and including the date prior to the maturity date pursuant to the terms and conditions of the 2023 Convertible Note.	Unchanged
Early redemption:	On demand of noteholder if trading in the Eminence Shares is suspended for twenty (20) consecutive trading days.	Allowed at any time at election of Eminence or Goodco (with the approval of Eminence) (<i>Note</i>)

Note: Such term is incorporated in the Deed of Amendment by written notice serving by both Eminence and Goodco which is mutually agreed that Eminence has the right to choose whether to accept or refuse early redemption request by Goodco and there is no restriction contained therein for Eminence. Eminence will assess its financial position and future business plans at the relevant moment in considering whether to exercise the early redemption.

LETTER FROM THE EMINENCE BOARD

The Revised Conversion Price is subject to adjustments on the occurrence of the following events which are exhaustive:

- (i) If and whenever there shall be an alteration to the nominal value of the Eminence Shares as a result of consolidation or subdivision, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such alteration by the fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Eminence Share immediately after alteration; and

B is the nominal amount of one Eminence Share immediately before alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) (1) If and whenever Eminence shall issue any Eminence Shares credited as fully paid to the Eminence Shareholders by way of capitalization of profits or reserves, other than Eminence Shares issued in lieu of the whole or any part of a cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Eminence Shareholders concerned would or could otherwise have received in cash (“**Scrip Dividend**”), the conversion price shall be adjusted in the case of an issue of Eminence Shares other than by way of Scrip Dividend by multiplying the conversion price in force immediately before such issue by the fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Eminence Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Eminence Shares immediately after such issue; and

such adjustment shall be effective (if appropriate retrospectively) from the commencement of the day following the record date for such issue.

LETTER FROM THE EMINENCE BOARD

- (2) in the case of an issue of Eminence Shares by way of a Scrip Dividend the current market price of which Eminence Shares exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, by multiplying the conversion price in force immediately before the issue of such Eminence Shares by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Eminence Shares immediately before such issue;

B is the aggregate nominal amount of Eminence Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount per Eminence Share of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the current market price of the number of Eminence Shares issued in respect of each existing Eminence Share in lieu of the whole, or the relevant part of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Eminence Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an approved merchant bank shall certify to Eminence is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Eminence Shares.

- (iii) If and whenever Eminence shall pay or make any Capital Distribution (includes distributions in cash or specie) to the Eminence Shareholders (whether on a reduction of capital or otherwise) (except where the conversion price falls to be adjusted under sub-paragraph (ii) above (or falls within sub-paragraph (ii) above but no adjustment falls to be made), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such Capital Distribution by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Eminence Share on the trading day last preceding the date on which the Capital Distribution is publicly announced; and

B is the fair market value on the date of such announcement, as determined by an approved merchant bank, of the portion of the Capital Distribution attributable to one Eminence Share.

LETTER FROM THE EMINENCE BOARD

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

- (iv) If and whenever Eminence shall issue Eminence Shares to all or substantially all Eminence Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Eminence Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Eminence Shares, in each case at less than 95 per cent. of the current market price per Eminence Share on the trading day last preceding the date of the announcement of the terms of the issue or grant, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Eminence Shares in issue immediately before such announcement;

B is the number of Eminence Shares which the aggregate amount (if any) payable for the rights or for the options or warrants or other rights issued by way of rights and for the total number of Eminence Shares comprised therein would purchase at such current market price per Eminence Share; and

C is the aggregate number of Eminence Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Eminence Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (v) If and whenever Eminence shall issue any securities (other than Eminence Shares or options, warrants or other rights to subscribe for or purchase Eminence Shares) to all or substantially all Eminence Shareholders as a class by way of rights or grant to all or substantially all Eminence Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase any securities (other than Eminence Shares or options, warrants or other rights to subscribe for or purchase Eminence Shares), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Eminence Share on the trading day last preceding the date on which such issue or grant is publicly announced; and

LETTER FROM THE EMINENCE BOARD

B is the fair market value on the date of such announcement as determined in good faith by an approved merchant bank, of the portion of the rights attributable to one Eminence Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (vi) If and whenever Eminence shall issue (otherwise than as mentioned in sub-paragraph (iv) above) wholly for cash any Eminence Shares (other than Eminence Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Eminence Shares) or on the issue or grant of (otherwise than as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Eminence Shares in each case at a price per Eminence Share which is less than 95 per cent. of the current market price on the trading day last preceding the date of announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Eminence Shares in issue immediately before the issue of such additional Eminence Shares or the issue or grant of such options, warrants or other rights to subscribe for or purchase any Eminence Shares;

B is the number of Eminence Shares which the aggregate consideration receivable for the issue of such additional Eminence Shares would purchase at such current market price per Eminence Share; and

C is the number of Eminence Shares in issue immediately after the issue of such additional Eminence Shares.

References to additional Eminence Shares in the above formula shall, in the case of an issue or grant by Eminence of options, warrants or other rights to subscribe or purchase Eminence Shares, mean such Eminence Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such Eminence Shares or, as the case maybe, the issue or grant of such options, warrants or other rights.

LETTER FROM THE EMINENCE BOARD

- (vii) Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), if and whenever Eminence or any Eminence Subsidiary (otherwise than as mentioned in sub-paragraphs (iv), (v) or (vi) above), or (at the direction or request of or pursuant to any arrangements with Eminence or any Eminence Subsidiary) any other person shall issue wholly for cash any securities (other than the 2023 Convertible Note) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Eminence Shares (or grant any such rights in respect of any existing securities so issued) to be issued by Eminence upon conversion, exchange or subscription at a consideration per Eminence Share which is less than 95 per cent. of the current market price per Eminence Share on the trading day last preceding the date of announcement of the terms of issue of such securities, the conversion price shall be adjusted, by multiplying the conversion price in force immediately prior to such issue (or grant) by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Eminence Shares in issue immediately before such issue (or grant);

B is the number of Eminence Shares which the aggregate consideration receivable by Eminence for the Eminence Shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such current market price per Eminence Share; and

C is the maximum number of Eminence Shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue (or grant) of such securities.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Eminence Share (for the number of Eminence Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the current market price per Eminence Share on the trading day last preceding the date of announcement of the proposals for such modification, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such modification by the fraction:

$$\frac{A + B}{A + C}$$

LETTER FROM THE EMINENCE BOARD

where:

A is the number of Eminence Shares in issue immediately before such modification;

B is the number of Eminence Shares which the aggregate consideration receivable by Eminence for the Eminence Shares to be issued upon conversion or exchange or upon exercise of the right of subscription attached to the securities so modified would purchase at such current market price per Eminence Share or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Eminence Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) If and whenever Eminence or any Eminence Subsidiary or (at the direction or request of or pursuant to any arrangements with Eminence or any Eminence Subsidiary) any other person issues, sells or distributes any securities in connection with an offer by or on behalf of Eminence or any Eminence Subsidiary or such other person pursuant to which offer the Eminence Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Eminence Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the conversion price falls to be adjusted under sub-paragraphs (iv) to (vii) above), the conversion price shall be adjusted by, multiplying the conversion price in force immediately prior to such issue by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Eminence Share on the trading day last preceding the date on which such issue is publicly announced; and

B is the fair market value on the date of such announcement, as determined in good faith by an approved merchant bank, of the portion of the relevant offer attributable to one Eminence Share.

Such adjustment shall become effective on the date of issue of the securities.

LETTER FROM THE EMINENCE BOARD

- (x) If Eminence considers that it would be appropriate for an adjustment to be made to the conversion price as a result of one or more events or circumstances not referred to above, Eminence shall request an approved merchant bank to determine what adjustment (if any) to the conversion price is fair and reasonable to take account thereof. Any adjustment under this provision is limited to downward adjustment. The Eminence Board considers that this is fair and reasonable and consistent with market norms and that holder of the 2023 Convertible Note generally would not agree to any upward adjustment, except on a consolidation, given that the matters that may give rise to adjustment are in the control of Eminence.

Apart from the Proposed Alterations, the other terms and conditions of the 2023 Convertible Note shall remain unchanged.

CONDITIONS PRECEDENT

The Proposed Alterations pursuant to the Deed of Amendment will take effect conditional upon the fulfilment of the following conditions precedent:

- (a) the duly passing of ordinary resolution(s) at the Eminence SGM by the Eminence Shareholders regarding the approval of the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) Eminence having obtained the approval of the Eminence Independent Shareholders at the Eminence SGM in relation to the Proposed Alterations pursuant to the Deed of Amendment and transactions contemplated thereunder including the issue of the further Conversion Shares in the manner required under the Listing Rules; and
- (c) the Stock Exchange having granted a listing of, and permission to deal in, the further Conversion Shares issuable on the exercise of the Conversion Rights attached to the 2023 Convertible Note after the Proposed Alterations take effect.

The above conditions precedent cannot be waived. If any of the above conditions precedent are not fulfilled on or before the Long Stop Date, the Deed of Amendment will lapse and the Proposed Alterations will not take effect.

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

Upon the Completion and fulfillment of all the conditions precedent to the Deed of Amendment, the Proposed Alterations will become effective and the Conversion Price of the 2023 Conversion Note will be revised to HK\$0.18 accordingly. Eminence will make further announcement as and when appropriate.

Save for the aforesaid, as at the Latest Practicable Date, Eminence has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Eminence Shares.

LETTER FROM THE EMINENCE BOARD

EQUITY FUND RAISING ACTIVITY OF EMINENCE IN THE PAST TWELVE (12) MONTHS

The following table sets out the equity fund raising activity of Eminence in the past twelve (12) 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
29 May 2023 (announcement) and 23 June 2023 (circular)	Placing of new shares under specific mandate	Approximately HK\$24,660,000	For repayment of the Eminence Group's bank loan	All proceeds were fully utilized as intended

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

LISTING RULES IMPLICATIONS

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Eminence Shareholders at the Eminence SGM. The Eminence SGM will be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. As at the Latest Practicable Date, Easyknit together with its associates control or are entitled to exercise control over voting rights of approximately 26.59% of the Eminence Shares. As the Proposed Alterations are conditional upon the approval from the Easyknit Shareholders at the Easyknit SGM regarding the Placing Agreement and the Specific Mandate, the Easyknit Group and its associates are considered to have material interest in the Placing and therefore will abstain from voting at the Eminence SGM on the ordinary resolution(s) approving the Placing Agreement and the Specific Mandate.

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

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

GENERAL

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

LETTER FROM THE EMINENCE BOARD

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

WARNING

The Completion is subject to the fulfillment or waiver of the conditions as set out in the section headed “Conditions of the Placing Agreement” in this joint circular. Accordingly, the Placing may or may not proceed.

The Eminence Shareholders and potential investors of Eminence are advised to exercise caution when dealing in the securities of Eminence.

If they are in any doubt, they should consult their professional advisers.

EMINENCE SGM

The Eminence SGM will be convened and held to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate, by the Eminence Shareholders by way of poll.

A notice convening the Eminence SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 21 March 2024 at 10:00 a.m. is set out on pages N-Eminence-1 to N-Eminence-2 of this joint circular. A **blue** form of proxy for the Eminence SGM is enclosed with this joint circular. Whether or not the Eminence Shareholders are able to attend and vote at the Eminence SGM, they are requested to read the notice and to complete and sign the accompanying **blue** form of proxy in accordance with the instructions printed thereon and return it to Eminence’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the Eminence SGM. Completion and return of the **blue** form of proxy will not preclude the Eminence Shareholders from attending and voting in person at the Eminence SGM or any adjournment thereof (as the case may be) should they so wish and, in such event, the **blue** form of proxy shall be deemed to be revoked.

The resolution(s) put to the Eminence SGM will be voted on by way of poll.

LETTER FROM THE EMINENCE BOARD

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Eminence Shareholders' eligibility to attend and vote at the Eminence SGM, the register of members of Eminence will be closed from Monday, 18 March 2024 to Thursday, 21 March 2024, both dates inclusive. During such period, no Eminence Share transfers will be registered. In order to qualify to attend and vote at the Eminence SGM, all transfers of the Eminence Shares accompanied by the relevant share certificates must be lodged with Eminence's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 15 March 2024.

RECOMMENDATION

The Eminence Board is of the opinion that the terms and conditions of the Placing Agreement are on normal commercial terms, fair and reasonable and in the best interests of Eminence and the Eminence Shareholders as a whole. Accordingly, the Eminence Board recommends the Eminence Shareholders to vote in favour of the ordinary resolution(s) to approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate, to be proposed at the Eminence SGM.

RESPONSIBILITY STATEMENT

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

MATERIAL ADVERSE CHANGE

The Eminence Directors confirm that, as at the Latest Practicable Date, subject to other unpredictable circumstances, there has been no material adverse change in the financial or trading position or outlook of the Eminence Group since 31 March 2023, the date to which the latest published audited financial statements of Eminence were made up, up to and including the Latest Practicable Date.

ADDITIONAL INFORMATION

Your attention is drawn to the notice of the Eminence SGM and other additional information as set out in this joint circular.

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

1. FINANCIAL INFORMATION OF THE EASYKNIT GROUP

Financial information of the Easyknit Group for each of the financial years ended 31 March 2021, 2022 and 2023 and for the six months ended 30 September 2023 are disclosed in the following documents which have been published both on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and Easyknit (<https://www.easyknit.com>):

- (i) Interim report of the Easyknit Group for the six months ended 30 September 2023 (pages 39 to 88)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1218/2023121800296.pdf>
- (ii) Annual report of the Easyknit Group for the year ended 31 March 2023 (pages 99 to 273)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100459.pdf>
- (iii) Annual report of the Easyknit Group for the year ended 31 March 2022 (pages 96 to 264)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200491.pdf>
- (iv) Annual report of the Easyknit Group for the year ended 31 March 2021 (pages 82 to 227)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0719/2021071900312.pdf>

2. INDEBTEDNESS**Borrowings**

As at 31 December 2023, the Easyknit Group had outstanding bank borrowings amounted to approximately HK\$3,723,317,000, which were guaranteed by Easyknit and were secured by certain properties of the Easyknit Group. The bank borrowings are secured by charges over leasehold properties, investment properties, properties held for development for sale and properties held for sale of the Easyknit Group with carrying amounts of approximately HK\$1,985,938,000, HK\$3,905,328,000 and HK\$1,786,084,000 respectively at 31 December 2023.

Contingent Liabilities

As at 31 December 2023, the Easyknit Group did not have any material contingent liabilities.

Capital Commitments

As at 31 December 2023, the Easyknit Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$4,418,000.

Save as disclosed above and intra-group liabilities, the Easyknit Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other materials contingent liabilities as at 31 December 2023.

3. WORKING CAPITAL

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

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

4. MATERIAL ADVERSE CHANGE

The Easyknit Directors are not aware of any material adverse change to the financial or trading position of the Easyknit Group since 31 March 2023, being the date of which the latest published audited consolidated accounts of Easyknit were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE EASYKNIT GROUP

The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses which property development and property investment are the core businesses of the Easyknit Group. There is no change in the Easyknit Group's principal activities since 31 March 2023, being the date on which the latest published audited consolidated financial statements of the Easyknit Group were made up, and there is not expected to be any change to the Easyknit Group's principal business as a result of the Completion.

Upon Completion, the Easyknit Group remains focus on its core businesses. The global economy was facing macro-financial challenges amid ongoing geopolitical tensions and global inflation and interest rates are expected to remain high in the near term. Hong Kong was also facing challenges not only from competition but also from the everchanging macroeconomic environment. The real estate market in Hong Kong overall slow performance can be attributed to prevailing interest rate hikes and ongoing geopolitical tension. A high interest rate environment was negatively affecting investment sentiment, particularly in the property sector. Prospects for a global economic recovery remain slow and uncertain. However, the labor market is showing improvement and economic activities are gradually normalising. These are positive signs that the economy is on a path to recovery.

Prospects for a global economic recovery remain slow and uncertain. The Easyknit Group will continue to focus its efforts in the development of its existing principal businesses and will exercise prudent capital management and approach in its operations. The Easyknit Group will continue to monitor the market changes closely and focusing its efforts in the development of its existing principal businesses while exploring other opportunities with a view to providing steady and favourite returns for its shareholders and strengthen every segment of its business.

1. FINANCIAL SUMMARY OF THE EMINENCE GROUP

Financial information of the Eminence Group for each of the financial years ended 31 March 2021, 2022 and 2023 and for the six months ended 30 September 2023 are disclosed in the following documents which have been published both on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and Eminence (<https://www.eminence-enterprise.com>):

- (i) Interim report of the Eminence Group for the six months ended 30 September 2023 (pages 55 to 116)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/1218/2023121800260.pdf>
- (ii) Annual report of the Eminence Group for the year ended 31 March 2023 (pages 94 to 233)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0721/2023072100323.pdf>
- (iii) Annual report of the Eminence Group for the year ended 31 March 2022 (pages 87 to 221)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0722/2022072200147.pdf>
- (iv) Annual report of the Eminence Group for the year ended 31 March 2021 (pages 75 to 221)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0714/2021071400346.pdf>

2. WORKING CAPITAL

The Eminence Directors are of the opinion that, after taking into account the amount of net proceeds to be raised from the Placing, the Eminence Group has sufficient working capital for its requirements for the next twelve (12) months from the date of this joint circular.

3. INDEBTEDNESS

As at 31 December 2023, the Eminence Group had outstanding bank borrowings of approximately HK\$2,047,313,000, which were secured by charges over investment properties and properties held for development for sale of the Eminence Group with carrying amounts of approximately HK\$1,208,537,000 and HK\$3,513,047,000 respectively at 31 December 2023 and all bank borrowings were guaranteed by Eminence.

Save as disclosed above and for intra-group liabilities, the Eminence Group did not have any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at 31 December 2023.

4. FINANCIAL AND TRADING PROSPECTS OF THE EMINENCE GROUP

The Eminence 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 Eminence Shareholders and bringing increased values to the Eminence 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 Eminence 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 Eminence Group will stay abreast of the latest market movements, adopt flexible and cautious business strategies and continue to grow over the longer term of the Hong Kong markets.

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

5. MATERIAL ADVERSE CHANGE

The Eminence Directors confirm that, as at the Latest Practicable Date, subject to other unpredictable circumstances, there has been no material adverse change in the financial or trading position or outlook of the Eminence Group since 31 March 2023, the date to which the latest published audited financial statements of Eminence were made up, up to and including the Latest Practicable Date.

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

FINANCIAL INFORMATION

Set out below are the unaudited consolidated statements of financial position of Eminence Enterprise Limited and its subsidiaries (the “Disposal Group”) as at 31 March 2021, 2022 and 2023 and 30 September 2023 and the unaudited consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Disposal Group for each of the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023 (the “Relevant Periods”) and explanatory notes, which have been reviewed by the reporting accountants, ZHONGHUI ANDA CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

A. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
<u>Continuing operations</u>					
Revenue					
Rental income	38,856	30,528	24,408	11,933	14,049
Interest income from loan financing	17,455	6,553	2,786	1,390	1,207
	<u>56,311</u>	<u>37,081</u>	<u>27,194</u>	<u>13,323</u>	<u>15,256</u>
Cost of services rendered	(3,738)	(2,910)	(2,969)	(1,437)	(1,530)
	52,573	34,171	24,225	11,886	13,726
Other income	6,533	9,303	8,353	3,461	2,980
Other gains and losses	(1,126)	(51)	1,409	(2,284)	(9,362)
Other expenses	(1,051)	(231)	(303)	(590)	(2,123)
Administrative expenses	(39,741)	(46,001)	(47,074)	(23,432)	(29,769)
Finance costs	(28,683)	(20,485)	(22,985)	(9,651)	(24,013)
Net loss on modification of terms of convertible notes	(81,849)	–	–	–	–
Loss on early redemption of convertible note	(8,406)	–	–	–	–
Share of result of a joint venture	–	–	113	–	168
(Loss) gain on changes in fair value of investment properties	(12,715)	48,188	78,967	69,192	(12,242)

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
(Write-down) write-back on properties held for development for sale, net	(63,065)	79,919	40,394	13,849	(92,007)
Net gain (loss) on changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)	17,441	(16,126)	(4,531)	(10,233)	2,522
Loss on revaluation of intangible assets	–	(723)	(5,847)	(5,847)	–
Impairment loss on intangible assets	–	–	(3,207)	–	–
(Impairment loss) reversal of impairment loss on financial assets, net:					
– Loans receivable	(45,587)	(21,498)	(8,663)	8,138	473
– Debt instruments at fair value through other comprehensive income (“FVTOCI”)	(55)	(9,453)	(3,530)	–	(63)
– Debt instrument at amortised cost	–	(914)	–	–	–
Gain on settlement of loans receivable by properties	–	35,846	–	–	–
Release on disposal of debt instruments at FVTOCI	295	(4,726)	–	(68)	–
	<u>295</u>	<u>(4,726)</u>	<u>–</u>	<u>(68)</u>	<u>–</u>
(Loss) profit before taxation	(205,436)	87,219	57,321	54,421	(149,710)
Taxation credit (charge)	10,375	(696)	1,649	(741)	560
	<u>10,375</u>	<u>(696)</u>	<u>1,649</u>	<u>(741)</u>	<u>560</u>
(Loss) profit for the year/period from continuing operations	<u>(195,061)</u>	<u>86,523</u>	<u>58,970</u>	<u>53,680</u>	<u>(149,150)</u>
<u>Discontinued operation</u>					
Profit (loss) for the year/period from discontinued operation	<u>14,268</u>	<u>29,924</u>	<u>4,602</u>	<u>9,732</u>	<u>(9,113)</u>
(Loss) profit for the year/period attributable to owners of the Company	<u>(180,793)</u>	<u>116,447</u>	<u>63,572</u>	<u>63,412</u>	<u>(158,263)</u>

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Year ended 31 March			Six months ended	
	2021			30 September	
	2022	2023			
	2022	2023			
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Other comprehensive income (expense)					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of foreign operations	35,374	13,798	(36,244)	(53,000)	(17,087)
Change in fair value of debt instruments at FVTOCI	976	(10,530)	(1,454)	(1,215)	(618)
Impairment loss on debt instruments at FVTOCI included in profit or loss	55	9,453	3,530	–	63
Release on disposal of debt instruments at FVTOCI	(295)	4,726	–	68	–
	<u>36,110</u>	<u>17,447</u>	<u>(34,168)</u>	<u>(54,147)</u>	<u>(17,642)</u>
Other comprehensive income (expense) for the year/period					
Total comprehensive (expense) income for the year/period attributable to owners of the Company	<u>(144,683)</u>	<u>133,894</u>	<u>29,404</u>	<u>9,265</u>	<u>(175,905)</u>
Total comprehensive (expense) income attributable to owners of the Company:					
– from continuing operations	(184,183)	90,498	63,123	43,137	(150,484)
– from discontinued operation	39,500	43,396	(33,719)	(33,872)	(25,421)
	<u>(144,683)</u>	<u>133,894</u>	<u>29,404</u>	<u>9,265</u>	<u>(175,905)</u>
Total comprehensive (expense) income for the year/period attributable to owners of the Company	<u>(144,683)</u>	<u>133,894</u>	<u>29,404</u>	<u>9,265</u>	<u>(175,905)</u>

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

B. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at 31 March			As at 30
	2021	2022	2023	September
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets				
Property, plant and equipment	5,643	4,980	4,728	4,361
Right-of-use assets	5,884	3,770	1,228	6,844
Investment properties	1,285,074	1,367,563	1,337,441	1,247,537
Intangible assets	–	6,563	–	–
Investment in a joint venture	–	–	113	281
Loans receivable	3,070	39,341	13,664	13,639
Financial assets at FVTPL	16,137	43,274	48,930	45,658
Debt instruments at FVTOCI	29,852	–	471	148
Debt instrument at amortised cost	–	22,426	22,576	22,576
Deferred tax assets	8,250	8,020	8,975	8,897
Other receivables	103,160	–	–	–
	<u>1,457,070</u>	<u>1,495,937</u>	<u>1,438,126</u>	<u>1,349,941</u>
Current assets				
Properties held for development for sale	2,754,027	3,020,650	3,307,920	3,431,988
Trade and other receivables	28,162	118,039	48,132	61,130
Prepaid income tax	–	–	25,424	23,801
Loans receivable	127,109	55,040	38,586	20,384
Amount due from a joint venture	–	–	1,921	1,921
Financial assets at FVTPL	128,448	105,635	39,418	66,089
Debt instruments at FVTOCI	6,261	2,408	624	361
Cash and cash equivalents	112,260	82,099	354,002	404,834
	<u>3,156,267</u>	<u>3,383,871</u>	<u>3,816,027</u>	<u>4,010,508</u>
Assets classified as held for sale				
– investment properties	–	–	370,114	340,426
	<u>3,156,267</u>	<u>3,383,871</u>	<u>4,186,141</u>	<u>4,350,934</u>

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	As at 31 March			As at 30
	2021	2022	2023	September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current liabilities				
Trade and other payables	109,045	83,438	85,266	88,812
Deposit received for disposal of assets classified as held for sale	–	–	226,802	297,431
Tax payable	9,169	10,280	10,112	9,750
Convertible notes	13,417	16,292	–	–
Secured bank borrowings	436,348	789,286	544,578	1,131,939
Lease liabilities	2,442	2,570	1,162	2,304
	570,421	901,866	867,920	1,530,236
Net current assets	<u>2,585,846</u>	<u>2,482,005</u>	<u>3,318,221</u>	<u>2,820,698</u>
Total assets less current liabilities	<u>4,042,916</u>	<u>3,977,942</u>	<u>4,756,347</u>	<u>4,170,639</u>
Non-current liabilities				
Deferred tax liabilities	34,812	37,855	33,793	30,070
Convertible note	44,747	50,619	159,949	163,841
Secured bank borrowings	1,078,585	873,021	1,327,341	888,159
Lease liabilities	3,479	1,260	98	4,558
	1,161,623	962,755	1,521,181	1,086,628
Net assets	<u>2,881,293</u>	<u>3,015,187</u>	<u>3,235,166</u>	<u>3,084,011</u>
Capital and reserves				
Share capital	186,291	9,315	21,259	1,031
Reserves	2,695,002	3,005,872	3,173,283	3,042,356
Amount recognised in other comprehensive income and accumulated in equity relating to assets classified as held for sale	–	–	40,624	40,624
TOTAL EQUITY	<u>2,881,293</u>	<u>3,015,187</u>	<u>3,235,166</u>	<u>3,084,011</u>

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

C. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible note equity reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve for assets held for sale <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2020	186,291	2,320,694	56,028	53,194	261,126	(16,959)	(2,763)	40,624	43,634	2,941,869
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	35,374	-	-	-	35,374
Change in fair value of debt instruments at FVOCI	-	-	-	-	-	-	976	-	-	976
Release on disposal of debt instruments at FVTOCI	-	-	-	-	-	-	(295)	-	-	(295)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	55	-	-	55
Loss for the year	-	-	-	-	-	-	-	-	(180,793)	(180,793)
Total comprehensive income (expense) for the year	-	-	-	-	-	35,374	736	-	(180,793)	(144,683)
Early redemption of convertible note	-	-	(2,065)	-	-	-	-	-	-	(2,065)
Transfer upon early redemption of convertible note	-	-	(16,397)	-	-	-	-	-	16,397	-
Deferred tax liabilities released upon early redemption of convertible note	-	-	1,730	-	-	-	-	-	-	1,730
Transfer upon modification of terms of convertible notes	-	-	(43,876)	-	-	-	-	-	43,876	-
Deferred tax liabilities released upon modification of terms of convertible notes	-	-	4,580	-	-	-	-	-	-	4,580
Recognition upon modification of terms of convertible notes	-	-	95,643	-	-	-	-	-	-	95,643
Deferred tax liability on recognition of equity component upon modification of terms of convertible notes	-	-	(15,781)	-	-	-	-	-	-	(15,781)
At 31 March 2021	186,291	2,320,694	79,862	53,194	261,126	18,415	(2,027)	40,624	(76,886)	2,881,293

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible note equity reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve for assets held for sale <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	13,798	-	-	-	13,798
Change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(10,530)	-	-	(10,530)
Release on disposal of debt instruments at FVTOCI	-	-	-	-	-	-	4,726	-	-	4,726
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	9,453	-	-	9,453
Profit for the year	-	-	-	-	-	-	-	-	116,447	116,447
Total comprehensive income for the year	-	-	-	-	-	13,798	3,649	-	116,447	133,894
Reduction of share capital upon capital reorganisation	(176,976)	-	-	-	176,976	-	-	-	-	-
At 31 March 2022	9,315	2,320,694	79,862	53,194	438,102	32,213	1,622	40,624	39,561	3,015,187
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(36,244)	-	-	-	(36,244)
Change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(1,454)	-	-	(1,454)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	3,530	-	-	3,530
Profit for the year	-	-	-	-	-	-	-	-	63,572	63,572

APPENDIX II
FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible note equity reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve for assets held for sale <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
Total comprehensive (expense) income for the year	-	-	-	-	-	(36,244)	2,076	-	63,572	29,404
Recognition of equity component of convertible note	-	-	56,878	-	-	-	-	-	-	56,878
Deferred tax liability on recognition of equity component of convertible note	-	-	(9,385)	-	-	-	-	-	-	(9,385)
Issue of shares upon placing	7,936	51,244	-	-	-	-	-	-	-	59,180
Issue of shares upon conversion of convertible notes	4,008	159,756	(93,151)	-	-	-	-	-	-	70,613
Deferred tax liability released upon conversion of convertible notes	-	-	13,289	-	-	-	-	-	-	13,289
At 31 March 2023	21,259	2,531,694	47,493	53,194	438,102	(4,031)	3,698	40,624	103,133	3,235,166
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(17,087)	-	-	-	(17,087)
Change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(618)	-	-	(618)
Impairment loss on debt instruments at FVTOCI included in profit or loss	-	-	-	-	-	-	63	-	-	63
Loss for the period	-	-	-	-	-	-	-	-	(158,263)	(158,263)
Total comprehensive expense for the period	-	-	-	-	-	(17,087)	(555)	-	(158,263)	(175,905)
Capital reorganisation	(20,728)	-	-	-	20,728	-	-	-	-	-
Issue of shares upon placing	500	24,250	-	-	-	-	-	-	-	24,750
At 30 September 2023	1,031	2,555,944	47,493	53,194	458,830	(21,118)	3,143	40,624	(55,130)	3,084,011

APPENDIX II
FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Convertible note equity reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Property revaluation reserve for assets held for sale <i>HK\$'000</i>	Accumulated profits (losses) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2022	9,315	2,320,694	79,862	53,194	438,102	32,213	1,622	40,624	39,561	3,015,187
Exchange differences arising on translation of financial statements of foreign operations	-	-	-	-	-	(53,000)	-	-	-	(53,000)
Change in fair value of debt instruments at FVTOCI	-	-	-	-	-	-	(1,215)	-	-	(1,215)
Release on disposal of debt instruments at FVTOCI	-	-	-	-	-	-	68	-	-	68
Profit for the period	-	-	-	-	-	-	-	-	63,412	63,412
Total comprehensive (expense) income for the period	-	-	-	-	-	(53,000)	(1,147)	-	63,412	9,265
Issue of shares on conversion of convertible notes	4,008	159,304	(79,862)	-	-	-	-	-	-	83,450
Issue of new shares	7,936	51,244	-	-	-	-	-	-	-	59,180
At 30 September 2022	21,259	2,531,242	-	53,194	438,102	(20,787)	475	40,624	102,973	3,167,082

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

D. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss) profit before taxation	(190,743)	123,497	65,972	65,980	(160,372)
Adjustments for:					
Bank and other interest income	(1,166)	(272)	(2,676)	(192)	(2,997)
Depreciation of property, plant and equipment	1,404	1,097	806	385	353
Depreciation of right-of-use assets	2,470	2,495	2,542	1,271	1,261
Net loss on modification of terms of convertible notes	81,849	–	–	–	–
Loss on early redemption of convertible note	8,406	–	–	–	–
Dividend income from listed investments	(1,569)	(5,546)	(2,598)	(1,551)	(25)
Gain on disposal of property, plant and equipment	–	(382)	–	–	–
Loss (gain) on changes in fair value of investment properties	18,530	(63,054)	(87,831)	(69,192)	18,438
Gain on settlement of loans receivables by properties	–	(35,846)	–	–	–
Impairment loss on debt instrument at amortised cost	–	914	–	–	–
Impairment loss on debt instruments at FVTOCI	55	9,453	3,530	–	63
Impairment loss on loans receivable, net	45,685	21,461	8,442	(9,019)	(473)
Impairment loss on intangible assets	–	–	3,207	–	–
Interest expense	28,683	20,485	22,985	9,651	24,013
Interest income from debt instruments at FVTOCI	(2,151)	(1,870)	(64)	–	(64)
Interest income from debt instruments at amortised cost	–	(1,556)	(1,718)	(885)	(942)
Interest income from loan financing	–	(7,730)	(3,289)	(1,899)	(1,207)
(Gain) loss on changes in fair value of financial assets at FVTPL	(18,744)	17,736	9,923	9,850	(2,724)
Loss on revaluation of intangible assets	–	723	5,847	5,847	–
Loss on write-off of property, plant and equipment	44	36	–	–	38

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Release on disposal of debt instruments at FVTOCI	(295)	4,726	–	68	–
Share of result of a joint venture	–	–	(113)	–	(168)
Written-off of other payable	–	–	(1,732)	–	–
Write-down (write-back) on properties held for development for sale, net	63,065	(79,919)	(40,394)	(13,849)	92,007
Operating cash flows before movements in working capital	35,523	6,448	(17,161)	(3,535)	(32,799)
Increase in properties held for development for sale	(160,383)	(147,916)	(191,227)	(51,051)	(171,465)
(Increase) decrease in trade and other receivables	(67,131)	17,808	70,413	(14,908)	(12,866)
Decrease in loans receivable	115,145	11,071	31,771	34,050	18,700
(Increase) decrease in financial assets at FVTPL	(30,919)	16,134	16,347	24,237	(23,069)
Increase (decrease) in trade and other payables	8,991	(16,668)	(3,722)	(13,131)	3,546
Cash used in operations	(98,774)	(113,123)	(93,579)	(24,338)	(217,953)
Hong Kong Profits Tax paid	(1,965)	(3,437)	(561)	(2,694)	(267)
Hong Kong Profits Tax refunded	–	–	100	–	–
People's Republic of China Enterprise Income Tax paid	–	–	(27,062)	–	–
Dividend received from financial assets at FVTPL	1,569	5,546	2,598	1,551	25
Interest received from loan financing	639	2,094	3,352	1,647	1,076
Net cash used in operating activities	(98,531)	(108,920)	(115,152)	(23,834)	(217,119)

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal/maturity of financial assets at FVTPL	110,739	155,881	604,403	132,192	14,506
Deposit received for disposal of assets classified as held for sale	–	–	224,253	–	86,957
Deposit received (refunded) from disposal of subsidiaries	10,000	(10,000)	–	–	–
Proceeds from disposal of property, plant and equipment	–	931	–	–	–
Proceeds from disposal of investment properties	–	19,517	68,150	–	75,393
Interest received	7,831	6,105	5,170	–	–
Proceeds from disposal of intangible assets	–	3,447	401	1,585	–
Proceeds from redemption of debt instruments at FVTOCI	34,161	23,038	–	–	–
Purchase of financial assets at FVTPL	(110,233)	(194,611)	(574,306)	(101,960)	(11,245)
Purchase of debt instruments at FVTOCI	(33,113)	–	–	–	–
Purchase of debt instrument at amortised cost	–	(23,220)	–	–	–
Net cash outflow on acquisition of properties held for development for sale through acquisition of subsidiaries	(191,810)	–	–	–	–
Net cash outflow on acquisition of investment properties through acquisition of subsidiaries	–	–	(129,353)	–	–
Net cash outflow on disposal of a subsidiary	(77)	–	–	–	–
Advance to a joint venture	–	–	(1,921)	–	–
Purchase of intangible assets	–	(10,733)	(2,839)	(2,862)	–
Additions of investment properties	(19,236)	(1,433)	–	–	–
Purchase of property, plant and equipment	(295)	(1,013)	(562)	(562)	(27)
Other investing cash flows	–	–	–	1,681	4,204
Net cash (used in) generated from investing activities	<u>(192,033)</u>	<u>(32,091)</u>	<u>193,396</u>	<u>30,074</u>	<u>169,788</u>

APPENDIX II FINANCIAL INFORMATION OF THE EMINENCE GROUP

	Year ended 31 March			Six months ended 30 September	
	2021	2022	2023	2022	2023
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds from issue of new shares upon placement	–	–	59,180	59,180	24,750
Bank borrowings raised	617,810	980,556	564,298	320,645	214,628
Repayment of bank borrowings	(534,703)	(833,274)	(346,759)	(213,535)	(65,972)
Interest paid	(37,413)	(34,226)	(74,183)	(18,985)	(64,731)
Payment of loan arrangement fee	–	–	(8,179)	–	–
Repayment of lease liabilities	(2,451)	(2,472)	(2,570)	(1,314)	(1,275)
Net cash generated from financing activities	<u>43,243</u>	<u>110,584</u>	<u>191,787</u>	<u>145,991</u>	<u>107,400</u>
Net (decrease) increase in cash and cash equivalents	(247,321)	(30,427)	270,031	152,231	60,069
Cash and cash equivalents at beginning of the year/period	357,767	112,260	82,099	82,099	354,002
Effect of foreign exchange rate changes	1,814	266	1,872	(3,221)	(9,237)
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	<u><u>112,260</u></u>	<u><u>82,099</u></u>	<u><u>354,002</u></u>	<u><u>231,109</u></u>	<u><u>404,834</u></u>

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL**

Eminence is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Clarendon House 2 Church Street Hamilton HM 11 Bermuda and the principal place of business of Eminence is Block A, 7th Floor Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon Hong Kong.

On 23 January 2024, after trading hours, Eminence entered into the Placing Agreement with the Placing Agent pursuant to which, Eminence has conditionally agreed to issue under the Specific Mandate, and the Placing Agent has conditionally agreed to procure not fewer than six (6) Placees, on a best effort basis to subscribe for a maximum of up to 235,000,000 new Eminence Shares at the Placing Price of HK\$0.18 per Placing Share, subject to the terms and conditions of the Placing Agreement.

Assuming all the 235,000,000 Placing Shares are successfully placed under the Placing Agreement, the shareholding interest of Easyknit in Eminence will be diluted from approximately 26.59% to 8.11% (assuming no other change to the issued share capital of Eminence between the Latest Practicable Date and the date of the Completion, other than the issue by Eminence of the Placing Shares), representing a decrease of approximately 18.48% (the “**Deemed Disposal**”). Immediately upon the Completion, Eminence Group (the “**Disposal Group**”) will cease to be subsidiaries of Easyknit.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Disposal Group has been prepared in accordance with Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and is solely for the purpose of inclusion in the circular issued by the Easyknit in connection with the Deemed Disposal.

The amounts included in the unaudited financial information for each of the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023 have been recognised and measured in accordance with the relevant accounting policies of Easyknit and its subsidiaries adopted in the preparation of Easyknit’s annual consolidated financial statements, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and should be read in conjunction with Easyknit’s annual consolidated financial statements.

The Financial Information is presented in Hong Kong dollars (“**HK\$**”), which is the functional currency of Eminence, and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

E. INDEPENDENT PRACTITIONER’S REVIEW REPORT**TO THE BOARD OF DIRECTORS OF
EASYKNIT INTERNATIONAL HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the financial information of Eminence Enterprise Limited and its subsidiaries (the “**Disposal Group**”) set out on pages II-3 to II-16 which comprises the consolidated statements of financial position as at 31 March 2021, 2022 and 2023 and 30 September 2023 and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years ended 31 March 2023 and the six months ended 30 September 2022 and 2023 (the “**Relevant Periods**”) and notes to the consolidated financial statements, including material accounting policy information. The financial information has been prepared solely for the purpose of inclusion in the circular jointly issued by Easyknit International Holdings Limited (the “**Company**”) and Eminence Enterprise Limited dated 29 February 2024 in connection with the disposal of the Disposal Group in accordance with the Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Directors’ responsibilities for the financial information

The directors of the Company are responsible for the preparation and presentation of the financial information of the Disposal Group in accordance with the basis of preparation set out in note 2 to the financial information and Rule 14.68(2)(a)(i)(A) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The directors are also responsible for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error. The financial information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 “Presentation of Financial Statements” or an interim financial report as defined in Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

Practitioner’s responsibilities

Our responsibility is to express a conclusion on this financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our review in accordance with Hong Kong Standard on Review Engagements (“**HKSRE**”) 2400 (Revised) “Engagements to Review Historical Financial Statements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants. HKSRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial information, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. HKSRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with HKSRE 2400 (Revised) is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the Disposal Group, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with Hong Kong Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial information of the Disposal Group for the Relevant Periods is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the financial information.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Hong Kong, 29 February 2024

INTRODUCTION

The accompanying unaudited pro forma financial information of the Remaining Easyknit Group has been prepared to illustrate the effect of the deemed disposal of the shareholding interest of Easyknit in Eminence as a result of the dilution of shareholding interest of Easyknit in Eminence by the allotment and issue of the Placing Shares upon the Completion subject to the terms and conditions of the Placing Agreement and Eminence became an associate of Easyknit (the “**Deemed Disposal**”) on Easyknit Group’s financial position as at 30 September 2023, as if the Deemed Disposal had been taken place on 30 September 2023, and on Easyknit Group’s financial performance for the year ended 31 March 2023, as if the Deemed Disposal had been taken place on 1 April 2022.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Easyknit Group for the year ended 31 March 2023 are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and audited consolidated statement of cash flows of Easyknit Group for the year ended 31 March 2023 as extracted from the annual report of Easyknit Group for the year ended 31 March 2023 and the unaudited consolidated statements of profit or loss and other comprehensive income and unaudited consolidated statements of cash flows of Eminence Group for the year ended 31 March 2023 as extracted from the financial information of the Eminence Group as set out in Appendix II in this joint circular, as if the Deemed Disposal had been completed on 1 April 2022.

The unaudited pro forma consolidated statement of financial position of the Remaining Easyknit Group as at 30 September 2023 is prepared based on the unaudited condensed consolidated statement of financial position of Easyknit Group as at 30 September 2023 as extracted from the interim report of Easyknit Group for the six months ended 30 September 2023 and the unaudited consolidated statement of financial position of Eminence Group as at 30 September 2023 as extracted from the financial information of the Eminence Group as set out in Appendix II in this joint circular, as if the Deemed Disposal had been completed on 30 September 2023.

The unaudited pro forma financial information of the Remaining Easyknit Group is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the unaudited pro forma financial information of the Remaining Easyknit Group, it may not give a true picture of the actual financial position, results of operation or cash flows of the Remaining Easyknit Group that would have been attained had the Deemed Disposal actually occurred on the dates indicated herein. Furthermore, the unaudited pro forma financial information of the Remaining Easyknit Group does not purport to predict the Remaining Easyknit Group’s future financial position, results of operation or cash flows.

The unaudited pro forma financial information of the Remaining Easyknit Group should be read in conjunction with the financial information of the Easyknit Group as set out in Appendix I, the financial information of the Eminence Group as set out in Appendix II and other financial information included elsewhere in this joint circular.

A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE REMAINING EASYKNIT GROUP

	Easyknit Group as at 30 September 2023							Unaudited pro forma total for the Remaining Easyknit Group
	HK\$'000	HK\$'000	HK\$'000	Pro forma adjustments		HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	
Non-current assets								
Property, plant and equipment	193,396	(4,361)	-	-	-	(90,961)	-	98,074
Right-of-use assets	492	(6,844)	6,844	-	-	-	-	492
Intangible asset	500	-	-	-	-	-	-	500
Investment properties	2,098,637	(1,247,537)	-	-	-	100,500	-	951,600
Interests in joint ventures	378	(281)	-	-	-	-	-	97
Interest in an associate	-	-	-	12,754	240,741	-	-	253,495
Financial assets at fair value through profit or loss ("FVTPL")	45,658	(45,658)	-	-	-	-	-	-
Debt instruments at fair value through other comprehensive income ("FVTOCI")	148	(148)	-	-	-	-	-	-
Debt instruments at amortised cost	27,619	(22,576)	-	-	-	-	-	5,043
Convertible notes	-	-	-	211,334	-	-	-	211,334
Loans receivable	53,006	(13,639)	-	-	-	-	-	39,367
Deferred tax assets	16,863	(8,897)	4,452	-	-	-	-	12,418
Deposits	285	-	-	-	-	-	-	285
	<u>2,436,982</u>	<u>(1,349,941)</u>	<u>11,296</u>	<u>224,088</u>	<u>240,741</u>	<u>9,539</u>	<u>-</u>	<u>1,572,705</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUP**

	Easyknit Group as at 30 September 2023							Unaudited pro forma total for the Remaining Easyknit Group
	Pro forma adjustments							
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	
Current assets								
Properties held for development for sale	3,802,770	(3,431,988)	89,993	-	-	-	-	460,775
Properties held for sale	1,786,132	-	-	-	-	-	-	1,786,132
Trade and other receivables	81,785	(63,051)	416	-	-	-	-	19,150
Prepaid income tax	23,801	(23,801)	-	-	-	-	-	-
Financial assets at FVTPL	189,027	(66,089)	-	-	-	-	-	122,938
Loans receivable	127,978	(20,384)	144	-	-	-	-	107,738
Debt instruments at FVTOCI	361	(361)	-	-	-	-	-	-
Debt instrument at amortised cost	1,800	-	-	-	-	-	-	1,800
Cash and cash equivalents	436,413	(404,834)	-	-	-	-	(800)	30,779
	6,450,067	(4,010,508)	90,553	-	-	-	(800)	2,529,312
Assets classified as held for sale								
- investment properties	340,426	(340,426)	-	-	-	-	-	-
	6,790,493	(4,350,934)	90,553	-	-	-	(800)	2,529,312
Current liabilities								
Trade and other payables	139,065	(88,812)	6,130	-	-	-	-	56,383
Deposit received for disposal of assets classified as held for sale	297,431	(297,431)	-	-	-	-	-	-
Contract liabilities	10,172	-	-	-	-	-	-	10,172
Amount due to a non-controlling shareholder	212,137	-	-	-	-	-	-	212,137
Tax payable	55,289	(9,750)	-	-	-	-	-	45,539
Lease liabilities	205	(2,304)	2,304	-	-	-	-	205
Secured bank borrowings	2,362,766	(1,131,939)	-	-	-	-	-	1,230,827
	3,077,065	(1,530,236)	8,434	-	-	-	-	1,555,263
Net current assets	3,713,428	(2,820,698)	82,119	-	-	-	(800)	974,049

	Easyknit Group as at 30 September 2023							Unaudited pro forma total for the Remaining Easyknit Group
								Pro forma adjustments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	
Total assets less current liabilities	6,150,410	(4,170,639)	93,415	224,088	240,741	9,539	(800)	2,546,754
Non-current liabilities								
Deferred tax liabilities	21,455	(30,070)	8,615	-	-	-	-	-
Convertible note	-	(163,841)	-	163,841	-	-	-	-
Secured bank borrowings	1,314,710	(888,159)	-	-	-	-	-	426,551
Lease liabilities	312	(4,558)	4,558	-	-	-	-	312
	1,336,477	(1,086,628)	13,173	163,841	-	-	-	426,863
Net assets	4,813,933	(3,084,011)	80,242	60,247	240,741	9,539	(800)	2,119,891
Capital and reserves								
Share capital	7,399	(1,031)	1,031	-	-	-	-	7,399
Reserves	2,585,672	(3,082,980)	79,211	2,282,898	240,741	9,539	(800)	2,114,281
Equity attributable to owners of Easyknit	2,593,071	(3,084,011)	80,242	2,282,898	240,741	9,539	(800)	2,121,680
Non-controlling interests	2,220,862	-	-	(2,222,651)	-	-	-	(1,789)
Total equity	4,813,933	(3,084,011)	80,242	60,247	240,741	9,539	(800)	2,119,891

Notes to the unaudited pro forma consolidated statement of financial position:

- The figures are extracted from the unaudited condensed consolidated statement of financial position of Easyknit Group as at 30 September 2023 as set out in the interim report of Easyknit Group for the six months ended 30 September 2023.
- The adjustment represents the exclusion of the assets and liabilities of Eminence Group as at 30 September 2023, assuming the Deemed Disposal has been completed on 30 September 2023 for pro forma purpose. The financial information of Eminence Group is extracted from the unaudited consolidated statement of financial position of Eminence Group as at 30 September 2023 as set out in Appendix II in this joint circular.
- Being the relevant elimination adjustments for Eminence Group in the consolidation level of Easyknit Group.

4. For pro forma purpose, assuming the maximum number of Placing Shares are placed in full and without any alteration in the terms of the convertible note held by Easykmit, upon the Deemed Disposal has been completed on 30 September 2023, the shareholding interest of Easykmit in Eminence being diluted to 8.11%. Easykmit Group lost control over Eminence Group upon the completion of Deemed Disposal. Accordingly, Eminence Group ceased to be subsidiaries of the Easykmit Group as from 30 September 2023.

Based on the assessment of facts and circumstances, the directors of Easykmit considered that Eminence Group became an associate of the Easykmit Group with effect from the same date and Eminence Group has since been accounted for in the consolidated financial statements using the equity method of accounting as Easykmit Group has significant influence on Eminence Group which considered the existence and effect of potential voting rights by the outstanding convertible note held by Easykmit Group and the common director.

The calculation of net loss on Deemed Disposal of Eminence Group as follow:

	<i>HK\$'000</i>
Net assets disposed of Eminence Group (Notes 2 and 3 above)	(3,003,769)
Non-controlling interests	2,222,651
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of Eminence Group	(19,980)
Reclassification of investment revaluation reserve to profit or loss upon loss of control of Eminence Group	(8,960)
Reclassification of equity component of convertible note to profit or loss upon loss of control of Eminence Group	47,493
Fair value of the equity interest of 8.11% retained in Eminence Group, based on share price of Eminence at the date of Deemed Disposal (Assumed to be 27,428,937 Eminence shares times the closing share price of Eminence of HK\$0.465 as at 30 September 2023)	<u>12,754</u>
Loss on Deemed Disposal of Eminence Group	<u><u>(749,811)</u></u>

The adjustment represents (i) the recognition of loss on Deemed Disposal of Eminence Group of approximately HK\$749,811,000; (ii) the recognition of interest in an associate of approximately HK\$12,754,000; (iii) the derecognition of non-controlling interests related to Eminence Group of approximately HK\$2,222,651; and (iv) reclassification of convertible note held by Easykmit of approximately HK\$182,394,000 (assumed to be the fair value of convertible note held by Easykmit at the date of Deemed Disposal) as Easykmit Group loss control over Eminence Group and the convertible note held by Easykmit no longer eliminated in the consolidation level of Easykmit Group.

5. The adjustment represents the gain on bargain purchase at date of deemed acquisition of an associate of approximately HK\$240,741,000, which the excess of Easykmit Group's share of the net fair value of the associate's identifiable assets and liabilities of approximately HK\$253,495,000 (assumed to be the net assets of Eminence Group as at 30 September 2023) over the deemed cost of the investment in an associate of approximately HK\$12,754,000 and is included in the share of results of an associate.

The calculation of gain on bargain purchase at date of deemed acquisition of Eminence Group as follow:

	<i>HK\$'000</i>
Net assets of Eminence Group	3,084,011
Net proceeds from the Placing Shares	<u>41,700</u>
Net assets attributable to owners of Eminence Group	3,125,711
Proportion of Easyknit Group's equity interest in Eminence Group	<u>8.11%</u>
Carrying amount of Easyknit Group's interest in Eminence Group	253,495
Fair value of the equity interest retained in Eminence Group, based on share price of Eminence at the date of deemed disposal (Note 4 above)	<u>(12,754)</u>
Gain on bargain purchase	<u><u>240,741</u></u>

6. The adjustment represents the leasehold properties with carrying value of approximately HK\$90,961,000 being leased to Eminence Group was transferred from property, plant and equipment to investment properties upon Deemed Disposal of Eminence Group. The directors of Easyknit assessed the fair value of these leasehold properties which are determined based on valuation performed by independent qualified professional property valuer carried out at the date of transfer, by reference to market evidence of transaction prices of similar properties.

As a result, leasehold properties with a fair value of HK\$100,500,000 were transferred to investment properties upon change in use of the properties, evidenced by end of owner-occupation as Easyknit Group entered into the operating lease with Eminence Group, resulting in an increase in the property revaluation reserve of approximately HK\$9,539,000.

7. The adjustment represents payment of the estimated transaction costs directly attributable to the Deemed Disposal of approximately HK\$800,000 by Easyknit Group.
8. No adjustments have been made to reflect any trading results or other transactions of Easyknit Group entered into subsequent to 30 September 2023.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUPB. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME OF THE REMAINING EASYKNIT GROUP

	Easyknit Group for the year ended 31 March 2023										Unaudited pro forma total for the Remaining Easyknit Group HK\$'000
	Pro forma adjustments										
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	
Continuing operations											
Revenue											
Sales of properties	28,647	-	-	-	-	-	-	-	-	-	28,647
Rental income	43,255	(24,408)	-	-	-	-	-	2,496	-	-	21,343
Interest income from loan financing	13,224	(2,786)	-	-	-	-	-	-	-	-	10,438
Building management	1,636	-	-	-	-	-	-	60	-	-	1,696
	86,762	(27,194)	-	-	-	-	-	2,556	-	-	62,124
Cost of properties sold and services rendered	(27,777)	2,969	-	-	-	-	-	-	-	-	(24,808)
Gross profit	58,985	(24,225)	-	-	-	-	-	2,556	-	-	37,316
Other income, gains and losses	32,986	(9,762)	(7,310)	-	-	-	-	4,936	-	-	20,850
Distribution and selling expenses	(11,415)	-	552	-	-	-	-	-	-	-	(10,863)
Administrative expenses	(108,968)	47,074	(3,473)	-	-	-	3,399	-	-	(800)	(62,768)
Other expenses	(384)	303	42	-	-	-	-	-	-	-	(39)
Write-back on properties held for development for sale, net	11,832	(40,394)	48,010	-	-	-	-	-	-	-	19,448
Gain on changes in fair value of investment properties	191,361	(78,967)	(15,591)	-	-	-	(2,300)	-	-	-	94,503
Loss on revaluation of intangible assets	(5,847)	5,847	-	-	-	-	-	-	-	-	-
Impairment loss on intangible assets	(3,207)	3,207	-	-	-	-	-	-	-	-	-
Net loss on changes in fair value of financial assets at FVTPL	(62,879)	4,531	-	-	-	-	-	-	-	-	(58,348)
(Impairment loss) reversal of impairment loss on financial assets, net:											
- Loans receivable	(11,783)	8,663	5,017	-	-	-	-	-	-	-	1,897
- Debt instruments at fair value through other comprehensive income	(5,378)	3,530	-	-	-	-	-	-	-	-	(1,848)
- Debt instruments at amortised cost	119	-	-	-	-	-	-	-	-	-	119
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	13,947	-	-	13,947
Loss on deemed disposal of Eminence Group	-	-	-	(2,091,459)	-	-	-	-	-	-	(2,091,459)
Share of results of an associate	-	-	-	-	235,160	5,156	-	-	-	-	240,316
Share of results of a joint venture	109	(113)	-	-	-	-	-	-	-	-	(4)
Finance costs	(67,673)	22,985	(6,898)	-	-	-	-	-	-	-	(51,586)
Profit (loss) before taxation	17,858	(57,321)	20,349	(2,091,459)	235,160	5,156	1,099	13,947	7,492	(800)	(1,848,519)
Taxation credit	7,483	(1,649)	(525)	-	-	-	-	-	-	-	5,309
Profit (loss) for the year	25,341	(58,970)	19,824	(2,091,459)	235,160	5,156	1,099	13,947	7,492	(800)	(1,843,210)

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUP**

	Easyknit Group for the year ended 31 March 2023										Unaudited pro forma total for the Remaining Easyknit Group
	Pro forma adjustments										
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	
Discontinued operation											
Profit (loss) for the year from discontinued operation	4,602	(4,602)	-	-	-	-	-	-	-	-	-
Profit (loss) for the year	29,943	(63,572)	19,824	(2,091,459)	235,160	5,156	1,099	13,947	7,492	(800)	(1,843,210)
Other comprehensive income (expense)											
<i>Item that will not be reclassified subsequently to profit or loss:</i>											
Fair value gain on leasehold properties upon transfer to investment properties	-	-	-	-	-	-	9,181	-	-	-	9,181
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Reclassification of translation reserve to profit or loss upon deemed disposal of Eminence Group	-	-	-	(9,762)	-	-	-	-	-	-	(9,762)
Reclassification of investment revaluation reserve to profit or loss upon deemed disposal of Eminence Group	-	-	-	10,076	-	-	-	-	-	-	10,076
Share of other comprehensive expense of an associate:											
Share of translation reserve of an associate	-	-	-	-	-	(2,939)	-	-	-	-	(2,939)
Share of FVTOCI reserve of an associate	-	-	-	-	-	(118)	-	-	-	-	(118)
	-	-	-	314	-	(3,057)	9,181	-	-	-	6,438
Exchange differences arising on translation of financial statements of foreign operations	(36,244)	36,244	-	-	-	-	-	-	-	-	-
Change in fair value of debt instruments at FVTOCI	(3,389)	1,454	-	-	-	-	-	-	-	-	(1,935)
Impairment loss on debt instruments at FVTOCI included in profit or loss, net	5,378	(3,530)	-	-	-	286	-	-	-	-	2,134
Other comprehensive (expense) income for the year	(34,255)	34,168	-	314	-	(2,771)	9,181	-	-	-	6,637
Total comprehensive (expense) income for the year	(4,312)	(29,404)	19,824	(2,091,145)	235,160	2,385	10,280	13,947	7,492	(800)	(1,836,573)

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUP**

	Easyknit Group for the year ended 31 March 2023										Unaudited pro forma total for the Remaining Easyknit Group HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	Pro forma adjustments			HK\$'000	HK\$'000	HK\$'000	
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)	(Note 7)	(Note 8)	(Note 9)	(Note 10)	
Profit (loss) for the year attributable to owners of Easyknit:											
- from continuing operations	10,905	(44,040)	19,824	(2,091,459)	235,160	5,156	1,099	13,947	7,492	(800)	(1,842,716)
- from discontinued operation	2,375	(2,375)	-	-	-	-	-	-	-	-	-
Profit (loss) for the year attributable to owners of Easyknit	<u>13,280</u>	<u>(46,415)</u>	<u>19,824</u>	<u>(2,091,459)</u>	<u>235,160</u>	<u>5,156</u>	<u>1,099</u>	<u>13,947</u>	<u>7,492</u>	<u>(800)</u>	<u>(1,842,716)</u>
Profit (loss) for the year attributable to non-controlling interests:											
- from continuing operations	14,436	(14,930)	-	-	-	-	-	-	-	-	(494)
- from discontinued operation	2,227	(2,227)	-	-	-	-	-	-	-	-	-
Profit (loss) for the year attributable to non-controlling interests	<u>16,663</u>	<u>(17,157)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(494)</u>
Profit (loss) for the year	<u>29,943</u>	<u>(63,572)</u>	<u>19,824</u>	<u>(2,091,459)</u>	<u>235,160</u>	<u>5,156</u>	<u>1,099</u>	<u>13,947</u>	<u>7,492</u>	<u>(800)</u>	<u>(1,843,210)</u>
Total comprehensive (expense) income attributable to owners of Easyknit:											
- from continuing operations	(26)	(33,196)	19,824	(2,091,145)	235,160	2,385	10,280	13,947	7,492	(800)	(1,836,079)
- from discontinued operation	(17,402)	17,402	-	-	-	-	-	-	-	-	-
Total comprehensive (expense) income attributable to owners of Easyknit	<u>(17,428)</u>	<u>(15,794)</u>	<u>19,824</u>	<u>(2,091,145)</u>	<u>235,160</u>	<u>2,385</u>	<u>10,280</u>	<u>13,947</u>	<u>7,492</u>	<u>(800)</u>	<u>(1,836,079)</u>
Total comprehensive income (expense) attributable to non-controlling interests:											
- from continuing operations	29,433	(29,927)	-	-	-	-	-	-	-	-	(494)
- from discontinued operation	(16,317)	16,317	-	-	-	-	-	-	-	-	-
Total comprehensive income (expense) attributable to non-controlling interests	<u>13,116</u>	<u>(13,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(494)</u>
Total comprehensive (expense) income for the year	<u>(4,312)</u>	<u>(29,404)</u>	<u>19,824</u>	<u>(2,091,145)</u>	<u>235,160</u>	<u>2,385</u>	<u>10,280</u>	<u>13,947</u>	<u>7,492</u>	<u>(800)</u>	<u>(1,836,573)</u>

Notes to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of Easyknit Group for the year ended 31 March 2023 as set out in the annual report of Easyknit Group for the year ended 31 March 2023.
2. The adjustment represents the exclusion of the results of Eminence Group for the year ended 31 March 2023, as if the Deemed Disposal has taken place on 1 April 2022. The financial information of Eminence Group is extracted from the unaudited consolidated statement of profit or loss and other comprehensive income of Eminence Group as set out in Appendix II in this joint circular.
3. Being the relevant elimination adjustments for Eminence Group in the consolidation level of Easyknit Group.
4. For pro forma purpose, assuming the maximum number of Placing Shares are placed in full and without any alteration in the terms of the convertible note held by Easyknit, upon the Deemed Disposal has been completed on 1 April 2022, the shareholding interest of Easyknit in Eminence being diluted to 8.11%. Easyknit Group lost control over Eminence Group upon the completion of Deemed Disposal. Accordingly, Eminence Group ceased to be subsidiaries of the Easyknit Group as from 1 April 2022.

Based on the assessment of facts and circumstances, the directors of Easyknit considered that Eminence Group became an associate of the Easyknit Group with effect from the same date and Eminence Group has since been accounted for in the consolidated financial statements using the equity method of accounting as Easyknit Group has significant influence on Eminence Group which considered the existence and effect of potential voting rights by the outstanding convertible note held by Easyknit Group and the common director.

The adjustment represents (i) the recognition of loss on Deemed Disposal of Eminence Group of approximately HK\$2,091,459,000; (ii) reclassification of translation reserve to profit or loss upon deemed disposal of Eminence Group of approximately HK\$9,762,000; and (iii) reclassification of investment revaluation reserve to profit or loss upon deemed disposal of Eminence Group of approximately HK\$10,076,000.

The major classes of assets and liabilities of Eminence Group as at the date of Deemed Disposal were as follows:

	The assets and liabilities of Eminence Group as at 1 April 2022*	Relevant elimination adjustment for Eminence Group	Net assets disposed of Eminence Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	4,980	–	4,980
Right-of-use assets	3,770	(3,770)	–
Investment properties	1,367,563	–	1,367,563
Intangible assets	6,563	–	6,563
Financial assets at FVTPL	148,909	–	148,909
Debt instruments at FVTOCI	2,408	–	2,408
Debt instruments at amortised cost	22,426	–	22,426
Deferred tax assets	8,020	(5,716)	2,304
Properties held for development for sale	3,020,650	(79,917)	2,940,733
Trade and other receivables	118,039	(416)	117,623
Loans receivable	94,381	(236)	94,145
Bank balances and cash	82,099	–	82,099
Trade and other payables	(83,438)	1,931	(81,507)
Convertible note	(66,911)	–	(66,911)
Tax payable	(10,280)	–	(10,280)
Secured bank borrowings	(1,662,307)	–	(1,662,307)
Lease liabilities	(3,830)	3,830	–
Deferred tax liabilities	(37,855)	13,900	(23,955)
	<u>3,015,187</u>		<u>2,944,793</u>
Net assets disposed of	<u>3,015,187</u>		<u>2,944,793</u>

* The assets and liabilities of Eminence Group as at 1 April 2022 is extracted from the unaudited consolidated statement of financial position of Eminence Group as at 31 March 2022 as set out in Appendix II in this joint circular.

The calculation of net loss on Deemed Disposal of Eminence Group as follow:

	<i>HK\$'000</i>
Net assets disposed of Eminence Group	(2,944,793)
Non-controlling interests	761,032
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of Eminence Group	9,762
Reclassification of investment revaluation reserve to profit or loss upon loss of control of Eminence Group	(10,076)
Reclassification of equity component of convertible note to profit or loss upon loss of control of Eminence Group	79,862
Fair value of the equity interest of 8.11% retained in Eminence Group, based on share price of Eminence at the date of Deemed Disposal (Assumed to be 27,428,937 Eminence shares times the closing share price of HK\$0.465 as at 30 September 2023)	12,754
	<u>12,754</u>
Loss on Deemed Disposal of Eminence Group	<u>(2,091,459)</u>

5. For pro forma purpose, it is assumed that, the shareholding interest of Easyknit in Eminence maintain as 8.11% throughout the year. The adjustment represents the gain on bargain purchase at date of deemed acquisition of an associate of approximately HK\$235,160,000, which the excess of Easyknit Group's share of the net fair value of the associate's identifiable assets and liabilities of approximately HK\$247,914,000 (assumed to be the net assets of Eminence Group as at 1 April 2022) over the deemed cost of the investment in an associate of approximately HK\$12,754,000 and is included in the share of results of an associate.

The calculation of gain on bargain purchase at date of deemed acquisition of Eminence Group as follow:

	<i>HK\$'000</i>
Net assets of Eminence Group	3,015,187
Net proceeds from the Placing Shares	41,700
	<u>3,056,887</u>
Net assets attributable to owners of Eminence Group	3,056,887
Proportion of Easyknit Group's equity interest in Eminence Group	8.11%
	<u>247,914</u>
Carrying amount of Easyknit Group's interest in Eminence Group	247,914
Fair value of the equity interest retained in Eminence Group, based on share price of Eminence at the date of deemed disposal (Note 4 above)	(12,754)
	<u>235,160</u>
Gain on bargain purchase	<u>235,160</u>

6. The adjustment represents the share of an associate's post-acquisition results of approximately HK\$5,156,000 and other comprehensive expense of approximately HK\$2,771,000 during the year ended 31 March 2023.
7. The adjustment represents the leasehold properties with the carrying value of approximately HK\$95,919,000 being leased to Eminence Group was transferred from property, plant and equipment to investment properties upon Deemed Disposal of Eminence Group. The directors of Easyknit assessed the fair value of these leasehold properties which are determined based on valuation performed by independent qualified professional property valuer carried out at the date of transfer and as at 31 March 2023, by reference to market evidence of transaction prices of similar properties.

As at 1 April 2022, the leasehold properties with a fair value of HK\$105,100,000 were transferred from property, plant and equipment to investment properties upon change in use of the properties, evidenced by end of owner-occupation as Easyknit Group entered into the operating lease with Eminence Group, resulting in an increase in the property revaluation reserve of approximately HK\$9,181,000. As at 31 March 2023, the fair value of the investment properties decreased to HK\$102,800,000.

The adjustment represents (i) the recognised loss on changes in fair value of investment properties of HK\$2,300,000 and (ii) reverses the depreciation of approximately HK\$3,399,000 which provided for the aforesaid leasehold properties during the year ended 31 March 2023.

8. On 30 November 2022, Easyknit Group entered into conditional sale and purchase agreements with Eminence Group, pursuant to which Eminence Group will acquire 100% equity interests and shareholder loans of On Channel International Limited (“**On Channel**”), Day Glory Investment Limited (“**Day Glory**”), Well Honest Investment Limited (“**Well Honest**”) and Asia Million Investment Limited (“**Asia Million**”) at an aggregate consideration of HK\$340,000,000, by issue of the 2023 Convertible Note in a principal amount of HK\$209,000,000 and a cash consideration of HK\$131,000,000. The transactions were completed on 20 February 2023. The directors of Easyknit assessed the fair value of 2023 Convertible Note which are determined based on valuation performed by independent qualified professional valuer carried out at the date of completion, by Trinomial Option Pricing Model at Level 3.

The adjustment represents the gain on disposal of subsidiaries of approximately HK\$13,947,000 and the details of calculation as follow:

	On Channel <i>HK\$'000</i>	Day Glory <i>HK\$'000</i>	Well Honest <i>HK\$'000</i>	Asia Million <i>HK\$'000</i>	Total <i>HK\$'000</i>
Investment properties	43,100	24,200	23,600	241,700	332,600
Trade and other receivables	168	27	33	67	295
Bank balances and cash	468	395	509	275	1,647
Other payables	(191)	(191)	(352)	(677)	(1,411)
Net assets disposed of	<u>43,545</u>	<u>24,431</u>	<u>23,790</u>	<u>241,365</u>	<u>333,131</u>
Net assets disposed of					333,131
Gain on disposal of subsidiaries					<u>13,947</u>
Total consideration					<u>347,078</u>
Consideration:					
Cash consideration					131,000
Fair value of 2023 Convertible Note					<u>216,078</u>
					<u>347,078</u>

9. The adjustment represents the transactions with Eminence Group during the year ended 31 March 2023, which includes (i) rental income of approximately HK\$2,496,000; (ii) building management fee income of approximately HK\$60,000; (iii) consultancy fee income of approximately HK\$2,554,000; and (iv) interest income from convertible notes of approximately HK\$2,382,000 with the coupon rate ranging from 4% to 5%.
10. The adjustment represents payment of the estimated transaction costs directly attributable to the Deemed Disposal of approximately HK\$800,000 by Easyknit Group.
11. The convertible note held by Easyknit of approximately HK\$146,773,000 (assumed to be the fair value of convertible note held by Easyknit at the date of Deemed Disposal, based on the convertible note’s liability component of approximately HK\$66,911,000 and equity component of approximately HK\$79,862,000 in Eminence Group) as Easyknit Group loss control over Eminence Group and the convertible note held by Easyknit no longer eliminated in the consolidation level of Easyknit Group.
- For pro forma purpose, it is assumed that, no changes on the fair value of convertible notes held by Easyknit from the date of Deemed Disposal to the year ended 31 March 2023.
12. All the adjustments have no continuing effect except for Notes 6, 7, 9 and 11 above.
13. No adjustments have been made to reflect any trading results or other transactions of the Easyknit Group entered into subsequent to 31 March 2023.

APPENDIX III

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUPC. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE
REMAINING EASYKNIT GROUP

	Easyknit Group for the year ended 31 March 2023										Unaudited pro forma total for the Remaining Easyknit Group
	Pro forma adjustments										
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	
Cash flows from operating activities											
Profit (loss) before taxation	26,509	(65,972)	20,349	(2,091,459)	235,160	5,156	1,099	13,947	7,492	(800)	(1,848,519)
Adjustments for:											
Interest income	(19,796)	7,747	-	-	-	-	-	-	(2,382)	-	(14,431)
Interest expense	67,673	(22,985)	6,898	-	-	-	-	-	-	-	51,586
Depreciation of property, plant and equipment	7,021	(806)	-	-	-	-	(3,399)	-	-	-	2,816
Depreciation on right-of-use assets	393	(2,542)	2,542	-	-	-	-	-	-	-	393
Dividend income from listed investments	(11,641)	2,598	-	-	-	-	-	-	-	-	(9,043)
Gain on changes in fair value of investment properties	(200,225)	87,831	15,591	-	-	-	2,300	-	-	-	(94,503)
Write-back on properties held for development for sale	(11,832)	40,394	(48,010)	-	-	-	-	-	-	-	(19,448)
Loss on changes in fair value of financial assets at FVTPL	68,271	(9,923)	-	-	-	-	-	-	-	-	58,348
Impairment loss on loans receivable, net	11,562	(8,442)	(5,017)	-	-	-	-	-	-	-	(1,897)
Impairment loss on debt instruments at FVTOCI	5,378	(3,530)	-	-	-	-	-	-	-	-	1,848
Reversal of on debt instruments at amortised cost	(119)	-	-	-	-	-	-	-	-	-	(119)
Share of results of an associate	-	-	-	-	(235,160)	(5,156)	-	-	-	-	(240,316)
Share of results of a joint venture	(109)	113	-	-	-	-	-	-	-	-	4
Gain on disposal of subsidiaries	-	-	-	-	-	-	-	(13,947)	-	-	(13,947)
Loss on deemed disposal of Eminence Group	-	-	-	2,091,459	-	-	-	-	-	-	2,091,459
Loss on revaluation of intangible assets	5,847	(5,847)	-	-	-	-	-	-	-	-	-
Impairment loss on intangible assets	3,207	(3,207)	-	-	-	-	-	-	-	-	-
Written-off of other payable	(1,732)	1,732	-	-	-	-	-	-	-	-	-
Operating cash flows before movements in working capital	(49,593)	17,161	(7,647)	-	-	-	-	-	5,110	(800)	(35,769)
Increase in properties held for development for sale	(263,348)	191,227	-	-	-	-	-	-	-	-	(72,121)
Decrease in properties held for sale	23,391	-	-	-	-	-	-	-	-	-	23,391
Increase in financial assets at FVTPL	35,410	(16,347)	-	-	-	-	-	-	-	-	19,063
Decrease in trade and other receivables	101,066	(70,413)	3,754	-	-	-	-	-	-	-	34,407
Decrease in loans receivable	44,525	(31,771)	-	-	-	-	-	-	-	-	12,754
Decrease in trade and other payables	(32,329)	3,722	1,411	-	-	-	-	-	-	-	(27,196)
Increase in contract liabilities	12,551	-	-	-	-	-	-	-	-	-	12,551
Cash used in operations	(128,327)	93,579	(2,482)	-	-	-	-	-	5,110	(800)	(32,920)
Hong Kong Profits Tax paid	(5,910)	561	-	-	-	-	-	-	-	-	(5,349)
People's Republic of China Enterprise Income Tax paid	(26,776)	27,062	-	-	-	-	-	-	-	-	286
Hong Kong Profits Tax refunded	108	(100)	-	-	-	-	-	-	-	-	8
Dividend received	11,641	(2,598)	-	-	-	-	-	-	-	-	9,043
Interest received from loan financing	13,727	(3,352)	-	-	-	-	-	-	-	-	10,375
Net cash used in operating activities	(135,537)	115,152	(2,482)	-	-	-	-	-	5,110	(800)	(18,557)

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE REMAINING EASYKNIT GROUP**

	Easyknit Group for the year ended 31 March 2023										Unaudited pro forma total for the Remaining Easyknit Group HK\$'000
	Pro forma adjustments										
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Note 7)	HK\$'000 (Note 8)	HK\$'000 (Note 9)	HK\$'000 (Note 10)	
Cash flows from investing activities											
Proceeds from disposal of financial assets at FVTPL	731,575	(604,403)	-	-	-	-	-	-	-	-	127,172
Deposit received for disposal of assets classified as held for sale	224,253	(224,253)	-	-	-	-	-	-	-	-	-
Proceeds from disposal of investment properties	68,150	(68,150)	-	-	-	-	-	-	-	-	-
Proceeds from repayment of debt instruments at amortised cost	20,022	-	-	-	-	-	-	-	-	-	20,022
Other interest received	6,924	(5,170)	-	-	-	-	-	2,382	-	-	4,136
Proceeds from disposal of intangible assets	401	(401)	-	-	-	-	-	-	-	-	-
Acquisition of financial assets at FVTPL	(625,359)	574,306	-	-	-	-	-	-	-	-	(51,053)
Net cash outflow on acquisition of investment properties through acquisition of subsidiaries	-	129,353	(129,353)	-	-	-	-	-	-	-	-
Purchase of intangible assets	(2,839)	2,839	-	-	-	-	-	-	-	-	-
Advance to a joint venture	(1,921)	1,921	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(578)	562	-	-	-	-	-	-	-	-	(16)
Net cash inflow of the disposal of subsidiaries	-	-	-	(82,099)	-	-	-	129,353	-	-	47,254
Net cash from investing activities	420,628	(193,396)	(129,353)	(82,099)	-	-	-	129,353	2,382	-	147,515
Cash flows from financing activities											
Bank borrowings raised	670,504	(564,298)	-	-	-	-	-	-	-	-	106,206
Proceeds from placing of shares by a subsidiary	59,180	(59,180)	-	-	-	-	-	-	-	-	-
Advance from a non-controlling shareholder	52,580	-	-	-	-	-	-	-	-	-	52,580
Repayment of bank borrowings	(696,260)	346,759	-	-	-	-	-	-	-	-	(349,501)
Interest paid	(144,121)	74,183	(2,440)	-	-	-	-	-	-	-	(72,378)
Payment of loan arrangement fee	(8,179)	8,179	-	-	-	-	-	-	-	-	-
Repayment of lease liabilities	(398)	2,570	(2,570)	-	-	-	-	-	-	-	(398)
Net cash used in financing activities	(66,694)	(191,787)	(5,010)	-	-	-	-	-	-	-	(263,491)
Net increase (decrease) in cash and cash equivalents	218,397	(270,031)	(136,845)	(82,099)	-	-	-	129,353	7,492	(800)	(134,533)
Cash and cash equivalents at beginning of the year	184,465	-	-	-	-	-	-	-	-	-	184,465
Effect of foreign exchange rate changes	(3,928)	(1,872)	-	-	-	-	-	-	-	-	(5,800)
Cash and cash equivalents at end of the year, represented by bank balances and cash	398,934	(271,903)	(136,845)	(82,099)	-	-	-	129,353	7,492	(800)	44,132

Notes to the unaudited pro forma consolidated statement of cash flows:

1. The figures are extracted from the audited consolidated statement of cash flows of the Easyknit Group for the year ended 31 March 2023 as set out in the annual report of the Easyknit Group for the year ended 31 March 2023.
2. The adjustment represents the exclusion of the cash flows of Eminence Group for the year ended 31 March 2023, as if the Deemed Disposal has taken place on 1 April 2022. The financial information of Eminence Group is extracted from the unaudited consolidated statement of cash flows of Eminence Group as set out in Appendix II in this joint circular.
3. Being the relevant elimination adjustments for Eminence Group in the consolidation level of Easyknit Group.
4. The adjustment represents the recognition of loss on Deemed Disposal of Eminence Group of approximately HK\$2,091,459,000.

Details are set out in Note 4 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Easyknit Group.

5. The adjustment represents the gain on bargain purchase at date of deemed acquisition of an associate of approximately HK\$235,160,000, which included in the share of results of an associate.

Details are set out in Note 5 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Easyknit Group.

6. The adjustment represents shares of an associate's post-acquisition results of approximately HK\$5,156,000 during the year ended 31 March 2023.

Details are set out in Note 6 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Easyknit Group.

7. The adjustment represents (i) the loss on changes in fair value of investment properties of HK\$2,300,000, which is the properties leased to Eminence Group and transferred from property, plant and equipment to investment properties upon Deemed Disposal of Eminence Group; and (ii) reverse the depreciation of approximately HK\$3,399,000 which provided for the aforesaid leasehold properties during the year ended 31 March 2023.

Details are set out in Note 7 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Easyknit Group.

8. The adjustment represents the gain on disposal of subsidiaries of approximately HK\$13,947,000.

Details are set out in Note 8 of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Easyknit Group.

9. The adjustment represents the transactions with Eminence Group during the year ended 31 March 2023, which includes (i) rental income of approximately HK\$2,496,000; (ii) building management fee income of approximately HK\$60,000; (iii) consultancy fee income of approximately HK\$2,554,000; and (iv) interest income from convertible notes of approximately HK\$2,382,000 with the coupon rate ranging from 4% to 5%.

10. The adjustment represents payment of the estimated transaction costs directly attributable to the Deemed Disposal of approximately HK\$800,000 by Easyknit Group.

11. For pro forma purpose, it is assumed that, no changes on the fair value of convertible notes held by Easyknit from the date of Deemed Disposal to the year ended 31 March 2023.

12. All the adjustments have no continuing effect except for Notes 6, 7, 9 and 11 above.

13. No adjustments have been made to reflect any trading results or other transactions of the Easyknit Group entered into subsequent to 31 March 2023.

D. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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



29 February 2024

The Board of Directors
Easyknit International Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Easyknit International Holdings Limited (“**Easyknit**”) and its subsidiaries (hereinafter collectively referred to as the “**Easyknit Group**”) by the directors of the Easyknit for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 September 2023, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023, the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2023 and related notes as set out on pages III-2 to III-15 of the circular issued by the Easyknit and Eminence Enterprise Limited (“**Eminence**”) jointly dated 29 February 2024. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page III-1.

The pro forma financial information has been compiled by the directors to illustrate the effect of the deemed disposal of the shareholding interest of Easyknit in Eminence as a result of the dilution of shareholding interest of Easyknit in Eminence by the allotment and issue of the placing shares upon the completion subject to the terms and conditions of the placing agreement and Eminence became an associate of Easyknit (the “**Deemed Disposal**”) on the Easyknit Group’s financial position as at 30 September 2023 and on the Easyknit Group’s financial performance and cash flows for the year ended 31 March 2023 as if the Deemed Disposal had been taken place at 30 September 2023 and 1 April 2022 respectively. As part of this process, information about the Easyknit Group’s financial position has been extracted by the directors from the Easyknit Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2023, on which no review report has been published; and information about the financial performance and cash flows has been extracted by the directors from the Easyknit Group’s audited consolidated financial statements for the year ended 31 March 2023, on which an auditor’s 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.

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 circular jointly issued by Easyknit and Eminence is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Easyknit 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 2023 and 1 April 2022 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 Easyknit Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

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.

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 Easyknit 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
Hong Kong

Set out below is the management discussion and analysis on the continuing operations of the Remaining Easyknit Group for the years ended 31 March 2021, 2022 and 2023 and the six months ended 30 September 2023.

The financial data in respect of the Remaining Easyknit Group, for the purpose of this joint circular, is derived from the consolidated financial statements of Easyknit for the reporting periods. For further financial information of the Easyknit Group, please refer to the section headed “Management Discussion and Analysis” of Easyknit’s annual report for the years ended 31 March 2021, 2022 and 2023 and Easyknit’s interim report for the six months ended 30 September 2023.

OVERVIEW

Following the Deemed Disposal, the Remaining Easyknit Group will continue to engage in property development, property investment, investment in securities and others and loan financing businesses.

FINANCIAL RESULTS

For the six months ended 30 September 2023

For the period, the Remaining Easyknit Group’s revenue amounted to approximately HK\$116,116,000 as compared with the six months ended 30 September 2022 (the “**2022 Period**”) of approximately HK\$25,733,000, which represented an increase of approximately HK\$90,383,000. The period’s gross profit margin was approximately 30.4% (2022 Period: approximately 71.6%).

For the period, the Remaining Easyknit Group’s consolidated loss attributable to shareholders of Easyknit was approximately HK\$35,156,000 as compared with the 2022 Period of approximately HK\$55,356,000. The decrease in net loss was mainly attributable to, among other things, increase in gain on changes in fair value of financial assets at fair value through profit or loss.

The basic and diluted loss per share amounted to HK\$0.48 for the period, as compared with basic and diluted loss per share of HK\$0.75 for the 2022 Period.

For the year ended 31 March 2023

For the year, the Remaining Easyknit Group’s revenue amounted to approximately HK\$62,124,000 as compared with the previous year of approximately HK\$294,302,000, which represented a decrease of approximately HK\$232,178,000 or approximately 78.9%. This year’s gross profit margin was approximately 60.1% (2022: approximately 41.2%).

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING EASYKNIT GROUP

For the year, the Remaining Easyknit Group's consolidated loss attributable to the Easyknit's owners was approximately HK\$13,331,000 as compared with the previous year loss of HK\$182,979,000. The decrease in net loss was mainly attributable to, among other things, (i) decrease in loss on change in fair value of investment properties and (ii) decrease in impairment loss on properties held for development for sale.

The basic and diluted loss per share amounted to HK\$0.18 for the year, as compared with basic and diluted loss per share of HK\$2.33 for the previous year.

For the year ended 31 March 2022

For the Year, the Remaining Easyknit Group's revenue amounted to approximately HK\$294,302,000 (2021: approximately HK\$323,382,000), representing an decrease of approximately HK\$29,080,000 or approximately 8.99% as compared to the previous year.

Loss for the year attributable to the Easyknit's owners was approximately HK\$182,979,000 (2021: profit of approximately HK\$22,308,000), representing a decrease of 920.24% compared with the previous year.

The gross profit margin for the year was approximately 41.2%, compared to the previous year of approximately 30.9%, there was an increase of approximately 10.3%.

The basic and diluted loss per share amounted to HK\$2.33 for the year, as compared with basic and diluted earnings per share HK\$0.25 for the previous year.

For the year ended 31 March 2021

For the year ended 31 March 2021, the Remaining Easyknit Group's revenue amounted to approximately HK\$323,382,000 (2020: approximately HK\$63,633,000), representing an increase of approximately HK\$259,749,000 or approximately 408.2% as compared to last year.

The profit for the year attributable to the Easyknit's owners was approximately HK\$22,308,000 (2020: loss of approximately HK\$297,755,000). The gross profit margin for the year was approximately 30.9%, compared to last year of approximately 96.2%, there was a decrease of approximately 65.3%.

The basic and diluted earnings per share amounted to HK\$0.25 for the year ended 31 March 2021, as compared with loss per share of HK\$3.26 for last year.

BUSINESS REVIEW

The review of each business segment of the Remaining Easyknit Group is set out below.

Property Development

Revenue recognised in this business segment during the years ended 31 March 2021, 2022, 2023 and the six months ended 30 September 2023 amounted to approximately HK\$275,319,000, HK\$248,576,000, HK\$28,647,000 and HK\$101,460,000. Review on existing major projects of the Group is set out below:

Project Waterloo Road – “Garden Crescent”

The Remaining Easyknit Group has launched sale its new residential project located at No. 93 Waterloo Road, Ho Man Tin, namely “Garden Crescent”, in November 2023. Garden Crescent is through an “urban forest” designed concept with over 50% green coverage. This project offers total of 56 units which comprises diversified unit layouts including special units, duplex units and studio flats to 3-bedroom flats with saleable area from 260 square feet to 2,597 square feet. Most of which are 3-bedroom flats with a saleable area from 641 square feet to 754 square feet. Special units with a saleable area from 625 square feet to 2,597 square feet, two of them are duplex units. The project also has residents’ club house facilities, 22 car parking spaces and 1 motor parking space.

Project Chatham Road

The Remaining Easyknit Group, through its wholly-owned subsidiary, owns the site located at Nos. 470, 472, 474, 476 and 478 Chatham Road North, Kowloon, Hong Kong with a total site area of approximately 4,653 square feet. Project Chatham Road will be redeveloped into a composite building with residential and commercial use. The estimated gross floor area after redevelopment is expected to be approximately 41,747 square feet. The superstructure works are currently undergoing at the site. This project is expected to be completed in late 2024.

Inverness Road Property – “Ayton”

“Ayton” is a completed residential project located at Nos. 14-20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong developed and wholly-owned by the Group. It consists of two 8-storey residential blocks comprising 60 residential units, 29 car parking spaces and 3 motor parking spaces. As at 31 March 2021, 2022, 2023 and 30 September 2023, 23, 9, 3, and 4 units and 0, 2, 1, and 1 carparks released were sold and the aggregate contracted sales amounted to approximately HK\$275,319,000, HK\$248,576,000, HK\$28,647,000 and HK\$101,460,000.

Property Investment

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong. For the year ended 31 March 2021, 2022, 2023 and the six months ended 30 September 2023, the rental income of the Remaining Easyknit Group from were approximately HK\$34,337,000, HK\$28,201,000, HK\$21,343,000 and HK\$7,664,000. The decrease in rental income was primarily attributable to certain properties held for development were demolished for redevelopment as well as decrease in market rent.

As at 31 March 2021, 2022, 2023 and 30 September 2023, the occupancy rate of residential units, commercial units and industrial units of the Remaining Easyknit Group's investment properties were N/A%, N/A%, 100.0%, and 100.0%; 99.1%, 99.1%, 98.7% and 98.7%; 77.2%, 77.2%, 77.2% and 77.2%.

Investment in securities and others

The Remaining Easyknit Group invested in a diversified portfolio of investments including listed and unlisted equity securities, equity-linked notes, bonds and other investment products based on (i) potential return on investment in terms of capital appreciation and dividend payment for the targeted holding period; (ii) risks exposure in comparison with the Remaining Easyknit Group's risk tolerance level at the prevailing time; and (iii) diversification of the existing investment portfolio.

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group's financial assets at fair value through profit or loss amounted to approximately HK\$360,322,000, HK\$256,765,000, HK\$88,458,000 and HK\$122,938,000. There were no investments held by the Remaining Easyknit Group of which value was more than 5% of the total assets of the Remaining Easyknit Group. The Remaining Easyknit Group recorded a profit (loss) in the investment in securities and others segment of approximately HK\$153,865,000, HK\$(38,426,000), HK\$(45,435,000) and HK\$19,466,000 during the year ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023.

Loan Financing

The loan financing business of the Remaining Easyknit Group is operated by Planetic International Limited (a wholly-owned subsidiary of Easyknit) which is a licensed money lender carrying on business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). For the year ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023, the Remaining Easyknit Group recorded interest incomes amounted to approximately HK\$13,726,000, HK\$9,531,000, HK\$10,438,000 and HK\$5,744,000. (Loss) Profit derived from loan financing segment were approximately HK\$(38,352,000), HK\$(5,451,000), HK\$(2,501,000) and HK\$804,000.

The target customer groups of the business are individuals and corporate entities that have short term funding needs and could provide sufficient collaterals for their borrowings. The Remaining Easyknit Group's clientele is primarily acquired through business referrals and introductions from Easyknit's directors, senior management, business partners or clients. The source of funds for the loan financing business is funded by the internal resources of the Remaining Easyknit Group.

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING EASYKNIT GROUP

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group had aggregate bank borrowings amounted to approximately HK\$1,472,467,000, HK\$1,900,397,000, HK\$1,657,258,000 and HK\$1,657,378,000. The gearing ratio of the Remaining Easyknit Group, calculated as a ratio of total bank borrowings to total equity, for the year ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023 were approximately 0.6, 0.5, 0.6, and 0.6. As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group has net current assets of approximately HK\$1,871,698,000, HK\$2,009,426,000, HK\$1,102,244,000 and HK\$974,049,000. Current ratios were approximately 3.8, 3.9, 1.9, and 1.6 as at 31 March 2021, 2022, 2023 and 30 September 2023. The cash and cash equivalents as at 31 March 2021, 2022, 2023 and 30 September 2023 were approximately HK\$308,322,000, HK\$102,326,000, HK\$50,607,000 and HK\$30,779,000.

The maturity profile of the Remaining Easyknit Group's secured bank borrowings is set out below:

	As at 30 September 2023	As at 31 March		
	2023	2023	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Carrying amount repayable as follows (based on the scheduled repayment dates set out in the loan agreements):				
– within a period not exceeding one year	1,230,827	1,070,886	417,169	468,010
– within a period of more than one year but not exceeding two years	254,820	236,868	863,519	45,896
– within a period of more than two years but not exceeding five years	46,172	221,514	443,643	756,611
– within a period of more than five years	125,559	127,990	176,066	201,950
	1,657,378	1,657,258	1,900,397	1,472,467
Less: Amount due within one year shown under current liabilities	(1,230,827)	(1,070,886)	(417,169)	(468,010)
Amount due after one year shown under non-current liabilities	426,551	586,372	1,483,228	1,004,457

APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING EASYKNIT GROUP

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group's secured bank borrowings carry interest at HIBOR plus 1% to HIBOR plus 1.825%, HIBOR plus 1% to HIBOR plus 1.825%, LIBOR plus 0.8% to LIBOR plus 1.0%, HIBOR plus 1% to HIBOR plus 1.825%, LIBOR plus 0.8% to LIBOR plus 1.0%, and HIBOR plus 1% to HIBOR plus 1.825%, LIBOR plus 0.8% to LIBOR plus 1.0% per annum, with effective interest ranging from 1.13% to 4.05%, 1.24% to 2.11%, 4.21% to 5.86% and 3.06% to 5.01% per annum. No borrowings of Easyknit were at fixed interest rates as at the respective dates of 31 March 2021, 2022 and 2023 and 30 September 2023.

CHARGES OF ASSETS

As at 31 March 2021, 2022, 2023 and 30 September 2023, bank loans of the Remaining Easyknit Group in the aggregate amount of approximately HK\$1,472,467,000, HK\$1,900,397,000, HK\$1,657,258,000 and HK\$1,657,378,000 which were secured by leasehold properties, investment properties, properties held for development for sale, properties held for sale, life insurance policies and listed equity securities in Hong Kong and overseas of the Remaining Easyknit Group having a net book value of approximately HK\$3,142,046,000, HK\$3,491,367,000, HK\$3,232,262,000 and HK\$3,185,091,000. In addition, a credit facility granted by a bank for a property development project in Hong Kong was secured by pledge of 300,000,000 Eminence shares with fair value HK\$9,702,000, HK\$37,200,000, HK\$11,400,000 and HK\$3,487,500 held by a subsidiary of the Remaining Easyknit Group.

TREASURY POLICY

The Remaining Easyknit Group diversifies its source of funds including internal generated cash flow and interest-bearing bank borrowings during the years ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023 to generate source of funds for its business operations. The Remaining Easyknit Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

EXPOSURE ON FOREIGN EXCHANGE FLUCTUATIONS

All bank borrowings are denominated in Hong Kong dollars. The revenue and payments of the Remaining Easyknit Group, being mostly denominated in Hong Kong dollars, matches the currency requirements of the Remaining Easyknit Group's operating expenses. The Remaining Easyknit Group therefore has not engaged in any hedging activities during the years ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023. Management of the Remaining Easyknit Group is of the opinion that the Remaining Easyknit Group has no material foreign exchange exposure in the usual course of the Remaining Easyknit Group's daily operation.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2021, 2022, 2023 and 30 September 2023.

CAPITAL EXPENDITURE

For the year ended 31 March 2021, 2022, 2023 and the six months period ended 30 September 2023, the Remaining Easyknit Group invested approximately HK\$196,000, HK\$911,000, HK\$16,000 and HK\$nil on the acquisition of property, plant and equipment.

CAPITAL COMMITMENTS

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group had no capital commitments in respect of capital expenditure contracted for but not provided.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR CAPITAL ASSET

The Remaining Easyknit Group has not executed any agreement in respect of material investment or capital asset and did not have any other plans relating to material investment or capital asset as at the Latest Practicable Date. Nonetheless, if any potential investment opportunity arises in the coming future, the Remaining Easyknit Group will perform feasibility studies and prepare implementation plans to consider whether it is beneficial to the Remaining Easyknit Group and its shareholders as a whole.

EMPLOYEES

As at 31 March 2021, 2022, 2023 and 30 September 2023, the Remaining Easyknit Group had 27, 25, 27 and 21 employees. Staff costs (including Directors' emoluments) amounted to approximately HK\$29,317,000, HK\$30,072,000, HK\$41,332,000 and HK\$16,261,000. The Remaining Easyknit Group remunerates its employees based on individual performance, experience and prevailing industry practice.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

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

Long positions in the ordinary Easyknit Shares and the underlying Easyknit Shares

Name of Easyknit Director	Number of Ordinary Easyknit Shares			Total Shareholding	Approximate % of (Note v)
	Personal Interest	Corporate Interest	Other Interest		
Koon Ho Yan Candy (“ Ms. Koon ”)	73,000 (Note i)	–	29,179,480 (Note ii)	29,252,480	39.53%
Lui Yuk Chu (“ Ms. Lui ”)	73,000 (Note iii)	9,929,664 (Note iv)	–	10,002,664	13.51%

Notes:

- (i) These interest represent options granted to Ms. Koon as beneficial owner under the share option scheme of Easyknit adopted on 5 July 2012 (the “**Easyknit Share Option Scheme**”).
- (ii) 29,179,480 shares are registered in the name of and are beneficially owned by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by the Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Koon). As a result, Ms. Koon is deemed to be interested in the Easyknit Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.
- (iii) These interest represent options granted to Ms. Lui as beneficial owner under the Easyknit Share Option Scheme.
- (iv) 9,929,664 Easyknit Shares are owned by Sea Rejoice Limited which is wholly and beneficiary owned by Ms. Lui.

- (v) The percentage represented the number of the Easyknit Shares over the total issued share capital of Easyknit as at the Latest Practicable Date was 73,988,403 shares.

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

(b) Substantial Easyknit Shareholders' Interest

Substantial Shareholders' Interest in Easyknit Shares and Underlying Easyknit Shares

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

Long positions in the ordinary Easyknit Shares and the underlying Easyknit Shares

Name of Easyknit Shareholder	<i>Notes</i>	Capacity	Number of Shares Held	Approximate % of Shareholding
Magical Profits Limited	<i>i</i>	Beneficial owner	29,179,480	39.43%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	29,179,480	39.43%
The Winterbotham Trust Company Limited	<i>i</i>	Trustee	29,179,480	39.43%
Winterbotham Holdings Limited	<i>i</i>	Interest of controlled corporation	29,179,480	39.43%
Christopher Geoffrey Douglas Hooper	<i>i</i>	Interest of controlled corporation	29,179,480	39.43%
Markson International Holding Limited	<i>i</i>	Interest of controlled corporation	29,179,480	39.43%
Ivan Geoffrey Douglas Hooper	<i>i</i>	Interest of controlled corporation	29,179,480	39.43%

Name of Easyknit Shareholder	<i>Notes</i>	Capacity	Number of Shares Held	Approximate % of Shareholding
Mr. Koon Wing Yee ("Mr. Koon")	<i>ii</i>	Interest of spouse	10,002,664	13.51%
Sea Rejoice Limited	<i>ii</i>	Beneficial owner	9,929,664	13.42%

Notes:

- (i) 29,179,480 Easyknit Shares are registered in the name of and are beneficially owned by Magical Profits Limited, which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited in its capacity as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Koon, an executive Director). The Winterbotham Trust Company Limited is owned as to 60% by Winterbotham Holdings Limited and 40% by Markson International Holding Limited. Winterbotham Holdings Limited is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. Markson International Holding Limited is owned as to approximately 99.99% by Mr. Ivan Geoffrey Douglas Hooper.
- (ii) 9,929,664 Easyknit Shares are owned by Sea Rejoice Limited which is wholly and beneficially owned by Ms. Lui, an executive Easyknit Director. On 30 August 2021, Ms. Lui was granted 73,000 share options of Easyknit under the Easyknit Share Option Scheme. Mr. Koon, being the spouse of Ms. Lui, is deemed to be interested in 10,002,664 Easyknit Shares by virtue of the SFO.
- (iii) The percentage represented the number of the Easyknit Shares over the total issued share capital of Easyknit as at the Latest Practicable Date was 73,988,403 Shares.

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

3. EASYKNIT DIRECTORS' SERVICE CONTRACTS

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

4. EASYKNIT DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

5. LITIGATION

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

6. EASYKNIT DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date:

- (a) none of the Easyknit Directors was materially interested in any contract or arrangement, which was subsisting and was significant in relation to the business of the Easyknit Group; and
- (b) none of the Easyknit Directors had any direct or indirect interest in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated accounts of the Easyknit Group were made up), acquired or disposed of by or leased to any member of the Easyknit Group, or are proposed to be acquired or disposed of by or leased to any member of the Easyknit Group.

7. MATERIAL CONTRACTS

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

Easyknit Group

- (a) four (4) respective conditional sale and purchase agreements dated 30 November 2022 entered into between Easyknit Properties Holdings Limited (“**Easyknit Properties**”, a wholly-owned subsidiary of Easyknit) and Eminence for, inter alia, the sale by Easyknit Properties and purchase by Eminence of the companies set out below for an aggregate consideration of HK\$304,000,000:-
 - (i) the entire issued share capital in On Channel International Limited (“**On Channel**”, an indirect wholly-owned subsidiary of Easyknit) and the assignment of the shareholder’s loan owing by On Channel to the Easyknit Group for an aggregate of the purchase price of HK\$44,000,000;
 - (ii) the entire issued share capital in Day Glory Investment Limited (“**Day Glory**”, an indirect wholly-owned subsidiary of Easyknit) and the assignment of the shareholder’s loan owing by Day Glory to the Easyknit Group for an aggregate of the purchase price of HK\$24,800,000;
 - (iii) the entire issued share capital in Well Honest Investment Limited (“**Well Honest**”, an indirect wholly-owned subsidiary of Easyknit) and the assignment of the shareholder’s loan owing by Well Honest to the Easyknit Group for an aggregate of the purchase price of HK\$24,200,000; and
 - (iv) the entire issued share capital in Asia Million Investment Limited (“**Asia Million**”, an indirect wholly-owned subsidiary of Easyknit) and the assignment of the shareholder’s loan owing by Asia Million to the Easyknit Group for an aggregate of the purchase price of HK\$247,000,000.

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

Eminence Group

- (a) the deed of settlement dated 4 March 2022 entered into between Shui Kam Enterprises Limited and City China International Limited (an indirect non-wholly subsidiary of Eminence) in relation to the settlement of the outstanding loans of HK\$39,834,292.14 under the loan agreements in return for a property situated at Lots Nos. 1278, 1279 and 1280 all in D. D. No. 124 Yuen Long, New Territories, Hong Kong with a valuation of HK\$40,000,000;

- (b) the conditional placing agreement dated 30 March 2022 entered into between Kingston Securities Limited (“**Kingston**”) (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 186,280,000 new Eminence Shares at the placing price of HK\$0.10 per placing Eminence Share under general mandate for net proceeds of approximately HK\$18,380,000;
- (c) the conditional placing agreement dated 27 July 2022 entered into between Kingston (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 607,400,000 new Eminence Shares at the placing price of HK\$0.068 per placing Eminence Share under specific mandate for net proceeds of approximately HK\$40,800,000;
- (d) the land resumption agreement dated 5 October 2022 entered into between the People’s Government of Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, the PRC (the “**Huzhou Government**”) and Easyknit Enterprises (Huzhou) Co., Ltd. (“**Enterprises Huzhou**”, an indirect wholly-owned subsidiary of Eminence) in relation to the resumption of properties situated at Huzhou City, Zhejiang Province of the PRC which are owned by Enterprises Huzhou at a compensation amount of RMB386,982,000 (equivalent to approximately HK\$441,159,000) payable by the Huzhou Government to Enterprises Huzhou;
- (e) the agreement dated 4 November 2022 (the “**Option to Purchase 1**”) entered into between Grow Well Profits Limited (“**Grow Well Profits**”) (as vendor), an indirect wholly-owned subsidiary of Eminence, and Claire Huang and Eva Huang (as purchasers), two independent third parties in relation to the grant and exercise of the option to purchase the property located at 15 Ardmore Park #06-04, Ardmore Park, Singapore 259959 at the sale price of S\$12,500,000 (equivalent to approximately HK\$68,750,000) pursuant to the terms and conditions of the Option to Purchase 1;
- (f) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for the sale and purchase of the entire issued share capital of On Channel and the assignment of the shareholder’s loan owing by On Channel for an aggregate of the purchase price of HK\$44,000,000;
- (g) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Day Glory and the assignment of shareholder’s loan owing by Day Glory for an aggregate of the purchase price of HK\$24,800,000;
- (h) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Well Honest and the assignment of shareholder’s loan owing by Well Honest for an aggregate of the purchase price of HK\$24,200,000;
- (i) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller) and Eminence (as purchaser) for sale and purchase of the entire issued share capital of Asia Million and the assignment of shareholder’s loan owing by Asia Million for an aggregate of the purchase price of HK\$247,000,000;

- (j) the agreement dated 14 April 2023 (the “**Option to Purchase 2**”) entered into between the Grow Well Profits (as vendor), and Yu Sung Jin (as purchaser), an independent third party in relation to the grant and exercise of the option to purchase the property located at 15 Ardmore Park #04-03, Ardmore Park, Singapore 259959 at the sale price of S\$13,008,888 (equivalent to approximately HK\$76,752,400) pursuant to the terms and conditions of the Option to Purchase 2;
- (k) the conditional placing agreement dated 29 May 2023 entered into between Kingston (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 50,000,000 new Eminence Shares at the placing price of HK\$0.50 per placing Eminence Share under specific mandate for net proceeds of approximately HK\$24,700,000;
- (l) the conditional revolving loan agreement dated 29 August 2023 (the “**Revolving Loan Agreement**”) entered into between City China International Limited (“**City China**”) (as lender), an indirect wholly-owned subsidiary of Eminence and Main Profit Investment Limited (“**Main Profit**”) (as borrower), an indirect wholly-owned subsidiary of Easyknit, in relation to a revolving loan facility of an amount not exceeding HK\$80,000,000;
- (m) the deed of guarantee dated 29 August 2023 executed by Easyknit in favour of City China guaranteeing the obligations of Main Profit under the Revolving Loan Agreement; and
- (n) the Placing Agreement.

8. EXPERT AND CONSENT

The following is the qualification of the expert who is named in this joint circular or has given opinions or advice which are contained in this joint circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated accounts of the Easyknit Group were made up), acquired or disposed of by or leased to any member of the Easyknit Group, or are proposed to be acquired or disposed of by or leased to any member of the Easyknit Group; and
- (b) any shareholding in any member of the Easyknit Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Easyknit Group.

The above expert has given and has not withdrawn its respective written consents to the issue of this joint circular with the inclusion of its letters and the references to its name in the form and context in which it appear.

9. GENERAL

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

10. DOCUMENTS ON DISPLAY

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

- (a) the Placing Agreement;
- (b) the letter from ZHONGHUI ANDA CPA Limited in respect of the financial information of the Eminence Group as set out in Appendix II to this circular;
- (c) the letter from ZHONGHUI ANDA CPA Limited in respect of the unaudited pro forma financial information of Remaining Easykmit Group as set out in Appendix III to this circular; and
- (d) the written consents referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF THE EASYKNIT SGM



EASYKNIT INTERNATIONAL HOLDINGS LIMITED

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Easyknit SGM**”) of Easyknit International Holdings Limited (the “**Easyknit**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 21 March 2024 at 9:00 a.m. for the following purposes of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of Easyknit:

ORDINARY RESOLUTION

“**THAT:**

- (a) the placing agreement (the “**Placing Agreement**”) dated 23 January 2024 entered into between Eminence Enterprise Limited (“**Eminence**”) as issuer and Kingston Securities Limited as placing agent in relation to the placing of up to 235,000,000 new ordinary shares of HK\$0.01 in the capital of Eminence (the “**Placing Share(s)**”) on a best effort basis at the placing price of HK\$0.18 per Placing Share, and transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more director(s) of Easyknit (each a “**Easyknit Director**”) be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal of Easyknit, where applicable) which he/they consider(s) necessary, desirable or expedient to give effect to the Placing Agreement and transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares) and to agree with such variation, amendment or waiver as, in the opinion of the Easyknit Directors, in the interests of Easyknit and its shareholders as a whole.”

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

Hong Kong, 29 February 2024

NOTICE OF THE EASYKNIT SGM

Notes:

1. A **white** form of proxy for use in connection with the Easyknit SGM is enclosed.
2. For the purpose of ascertaining entitlement to attend and vote at the Easyknit SGM (the “**Entitlement to Easyknit SGM**”), the register of members of Easyknit (the “**Easyknit Register of Members**”) will be closed from Monday, 18 March 2024 to Thursday, 21 March 2024, both days inclusive, during which period no transfer of Easyknit Shares will be effected. In order to be eligible to attend and vote at the Easyknit SGM, all transfer documents accompanied by the relevant share certificates must be lodged with Easyknit’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 15 March 2024. The record date for Entitlement to Easyknit SGM will be Thursday, 21 March 2024.
3. A member entitled to attend and vote at the Easyknit SGM by the above notice is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more Easyknit Shares may appoint more than one proxy to represent him and vote on his behalf at the Easyknit SGM. A proxy need not be a member of Easyknit. If more than one proxy is appointed, the appointment shall specify the number of Easyknit Shares in respect of which each such proxy is appointed.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power of attorney or authority, must be deposited at the office of Easyknit’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time for holding the Easyknit SGM or any adjournment thereof (as the case may be).
5. Where there are joint holders of a Easyknit Share, any one of such joint holders may vote at the Easyknit SGM either personally or by proxy, in respect of such Easyknit Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the Easyknit SGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Easyknit Register of Members in respect of such joint holding.
6. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted or a black rainstorm warning signal is expected to be in force at any time after 6:00 a.m. on the date of the Easyknit SGM, the Easyknit SGM will be postponed and Easyknit Shareholders will be informed of the date, time and venue of the postponed Easyknit SGM by a supplementary notice, posted on the respective website(s) of Easyknit and The Stock Exchange of Hong Kong Limited.

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

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

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

7. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

NOTICE OF THE EMINENCE SGM



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Eminence SGM**”) of Eminence Enterprise Limited (“**Eminence**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Thursday, 21 March 2024 at 10:00 a.m. (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed, with or without amendment, as an ordinary resolution of Eminence:

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to and conditional upon the fulfilment of the conditions in the conditional placing agreement dated 23 January 2024 (the “**Placing Agreement**”) (a copy of which has been produced to the Eminence SGM and initialled by the chairman of the Eminence SGM for the purpose of identification) entered into between Eminence as the issuer and Kingston Securities Limited as the placing agent in relation to the placing of a maximum of up to 235,000,000 new ordinary shares of HK\$0.01 in the capital of Eminence (the “**Placing Share(s)**”) on a best effort basis at the placing price of HK\$0.18 per Placing Share, and transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the directors of Eminence (the “**Directors**”) be and are hereby granted a specific mandate to exercise all the powers of Eminence to allot and issue the Placing Shares, subject to and in accordance with the terms and conditions set out in the Placing Agreement; and
- (c) any one Director, or any two Directors or any one Director and the company secretary of Eminence (with a common seal of Eminence be affixed, if required) be and is or are hereby authorized for and on behalf of Eminence to sign and execute all such other documents, instruments and agreements, and to do all such acts or things deemed by him or her or them to be incidental to, ancillary to or in connection with the matters contemplated in the Placing Agreement as he or she or they consider(s) necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement and transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares).”

By order of the Eminence Board
EMINENCE ENTERPRISE LIMITED

Lai Law Kau

Chairman and Chief Executive Officer

Hong Kong, 29 February 2024

NOTICE OF THE EMINENCE SGM

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

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

Notes:

1. A **blue** proxy form for use at the Eminence SGM is enclosed herewith.
2. Any shareholder of Eminence (“**Eminence Shareholder**”) entitled to attend and vote at the Eminence SGM convened by the above notice is entitled to appoint another person as his or her proxy to attend and vote instead of him or her. An Eminence Shareholder who is the holder of two or more shares of Eminence (“**Eminence Share(s)**”) may appoint more than one proxy to represent him or her and on his or her behalf at the Eminence SGM. A proxy need not be an Eminence Shareholder. In addition, a proxy or proxies representing either an Eminence Shareholder who is an individual or an Eminence Shareholder which is a corporation shall be entitled to exercise the same power on behalf of the Eminence Shareholder which he or she or they represent(s) as such Eminence Shareholder could exercise.
3. Where there are joint registered holders of any Eminence Share, any one of such persons may vote at the Eminence SGM, either personally or by proxy, in respect of such Eminence Share as if he or she was solely entitled thereto; but if more than one of such joint holders be present at the Eminence SGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of Eminence (the “**Register of Members**”) in respect of such Eminence Share shall alone be entitled to vote in respect thereof.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his or her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notorially certified copy of that power or authority shall be deposited at Eminence’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than forty-eight (48) hours before the time for holding the Eminence SGM or any adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.
6. For determining the entitlement to attend and vote at the Eminence SGM, the Register of Members will be closed from Monday, 18 March 2024 to Thursday, 21 March 2024 (both dates inclusive), during which period no transfer of the Eminence Shares will be effected. In order to qualify to attend and vote at the Eminence SGM, all transfers forms of the Eminence Shares accompanied by the relevant share certificates must be lodged with Eminence’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 15 March 2024, for registration.
7. Delivery of an instrument appointing a proxy shall not preclude an Eminence Shareholder from attending and voting in person at the Eminence SGM or any adjournment thereof (as the case may be) or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
8. The resolution(s) set out in this notice will be taken by poll at the Eminence SGM.

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

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