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If you have sold or transferred all your securities in Eminence Enterprise Limited, you should at once hand this circular and the relevant accompanying form of proxy to the purchaser or the transferee 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 or transferee.

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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

CONNECTED TRANSACTION

**PROPOSED ALTERATIONS OF TERMS OF
THE 2023 CONVERTIBLE NOTE
AND
PROPOSED GRANT OF SPECIFIC MANDATE
TO ISSUE CONVERSION SHARES
AND
NOTICE OF THE EMINENCE SGM**

**Eminence Independent Financial Adviser
to the Eminence Independent Board Committee and the Eminence Independent Shareholders**



紅日資本有限公司
RED SUN CAPITAL LIMITED

A letter from the Eminence Board is set out on pages 7 to 32 of this circular. A letter from the Eminence Independent Board Committee is set out on pages 33 to 34 of this circular. A letter from the Eminence Independent Financial Adviser containing its advice to the Eminence Independent Board Committee and the Eminence Independent Shareholders is set out on pages 35 to 53 of this 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 Wednesday, 27 March 2024 at 9:30 a.m. is set out on pages N-1 to N-3 of this circular. A 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 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 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 form of proxy shall be deemed to be revoked.

Hong Kong, 6 March 2024

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Accompanying Document – Form of Proxy

DEFINITIONS

In this 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 fulfilment of conditions set out in the Placing Agreement (or such other date as Eminence and the Placing Agent in writing)
“connected person(s)”	has the meaning 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, which is subject to adjustments in certain circumstances specified in it
“Conversion Rights”	the rights attached to the 2023 Convertible Note as set out in the section headed “Deed of Amendment”

DEFINITIONS

“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
“Deed of Amendment”	the deed of amendment dated 23 January 2024 entered into between Eminence and Goodco in relation to the Proposed Alterations
“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 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 in relation to the Placing 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 Director(s)”	the director(s) of Eminence
“Eminence Group”	Eminence and its subsidiaries
“Eminence Independent Board Committee”	an independent committee of the Eminence Board comprising all the independent non-executive Eminence Directors, established for the purposes of advising and giving recommendations to the Eminence Independent Shareholders on the Deed of Amendment and transactions contemplated thereunder

DEFINITIONS

“Eminence Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed by the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by Eminence to advise and give recommendations to the Eminence Independent Board Committee and the Eminence Independent Shareholders in relation to the Proposed Alterations and transactions contemplated thereunder
“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 Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares
“Eminence SGM in relation to the Placing”	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 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
“Further Conversion Shares”	a total of 1,161,111,111 Conversion Shares (upon full conversion) (subject to adjustments) that may be issued under the 2023 Convertible Note after the Proposed Alterations take effect (assuming the Placing is completed in full), to the Conversion Shares that (subject to adjustments) may at present be issued under it
“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

DEFINITIONS

“Joint 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
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of Easyknit and an Eminence Shareholder (as defined in the Listing Rules)
“Latest Practicable Date”	Friday, 1 March 2024, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“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”	30 June 2024 or such other date as the parties may agree for satisfaction of the conditions precedent to the Proposed Alterations taking effect
“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 dated 23 January 2024, details of which were set out in the Placing Announcement

DEFINITIONS

“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 Announcement”	the joint announcement of Easyknit and Eminence dated 23 January 2024 in relation to the Placing
“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
“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 possible amendments to the terms of the 2023 Convertible Note by the Deed of Amendment referred to in this circular
“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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Specific Mandate”	the specific mandate to be granted to the Eminence Directors at the Eminence SGM to allot and issue the Further Conversion Shares
“Specific Mandate in relation to the Placing”	the specific mandate to be granted by the Eminence Shareholders to the Eminence Board at the Eminence SGM in relation to the Placing for the allotment and issue of a maximum of up to 235,000,000 Placing Shares pursuant to the Placing Agreement

DEFINITIONS

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

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

6 March 2024

To the Eminence Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

PROPOSED ALTERATIONS OF TERMS OF THE 2023 CONVERTIBLE NOTE AND PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE CONVERSION SHARES AND NOTICE OF THE EMINENCE SGM

INTRODUCTION

Reference is made to the joint announcement of Easyknit and Eminence dated 14 December 2022; the joint circular of Easyknit and Eminence dated 21 January 2023; the announcement of Eminence dated 3 August 2023; and the Joint Announcement in relation to, among other things, the 2023 Convertible Note.

LETTER FROM THE EMINENCE BOARD

The purpose of this circular is to provide you with, among other things, (i) details of the Deed of Amendment and transactions contemplated thereunder; (ii) a letter of recommendations from the Eminence Independent Board Committee to the Eminence Independent Shareholders; (iii) a letter of advice to the Eminence Independent Board Committee and the Eminence Independent Shareholders from the Eminence Independent Financial Adviser; (iv) a notice convening the Eminence SGM and related form of proxy; and (v) other information as required under the Listing Rules.

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.

Key terms of the Deed of Amendment are summarised below.

DEED OF AMENDMENT

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
Number of the Conversion Shares issuable:	56,486,486	1,161,111,111 (upon full conversion)

LETTER FROM THE EMINENCE BOARD

	Before the Proposed Alterations	After the Proposed Alterations
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 in relation to the Placing 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.

Referring to the table in this letter on page 26 of this circular regarding the “EFFECTS ON THE SHAREHOLDING STRUCTURE OF EMINENCE”, as at the Latest Practicable Date, assuming the number of the existing issued Eminence Shares remains unchanged if the Placing is not completed or the Proposed Alterations are not conditional on the approval of the Placing Agreement and upon full conversion of the 2023 Convertible Note at the Revised Conversion Price, the shareholding of the public Eminence Shareholders will be substantially diluted to less than 6% which is not considered to be reasonable and equitable by the Eminence Directors and therefore the Eminence Board considers that the Proposed Alterations are conditional on the approval of the Placing Agreement.

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

LETTER FROM THE EMINENCE BOARD

Reference is made to the Placing Announcement in relation to the Placing. Unless otherwise defined, capitalized terms used hereinbelow shall have the same meanings as those defined in the Placing Announcement.

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

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.

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.

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.

LETTER FROM THE EMINENCE BOARD

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.

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 in relation to the Placing, *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;

LETTER FROM THE EMINENCE BOARD

- (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
- (vi) a discount of approximately 25.31% to the closing price of HK\$0.241 per Eminence Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 approximately 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 in relation to the Placing 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 in relation to the Placing by the Eminence Shareholders regarding the approval of the Placing Agreement and the Specific Mandate in relation to the Placing 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 in relation to the Placing, 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 in relation to the Placing on the ordinary resolution(s) approving the Placing Agreement and the Specific Mandate in relation to the Placing.

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 nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Eminence Group as a whole or adversely prejudices the success of the 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.

LETTER FROM THE EMINENCE BOARD

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.

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 in relation to the Placing

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 in relation to the Placing.

Takeovers Code

Assuming the Placing is completed in full and upon partial conversion of the 2023 Convertible Note at the Revised Conversion Price up to the public float limit required by the Listing Rules, a total of 883,333,333 Conversion Shares would be issued, representing approximately 72.31% of the issued share capital of Eminence enlarged by that issue and on the assumptions in the table below the holding of the Eminence Shares by members of the Easyknit Group will exceed 30% of the issued share capital of Eminence as enlarged by the allotment and issue of the Conversion Shares at the Revised Conversion Price. In the event that as a result of a conversion Goodco becomes obliged to make a general offer to the Eminence Shareholders in compliance with Rule 26 of the Takeovers Code it will do so.

Revised Conversion Price

The Revised Conversion Price represents:

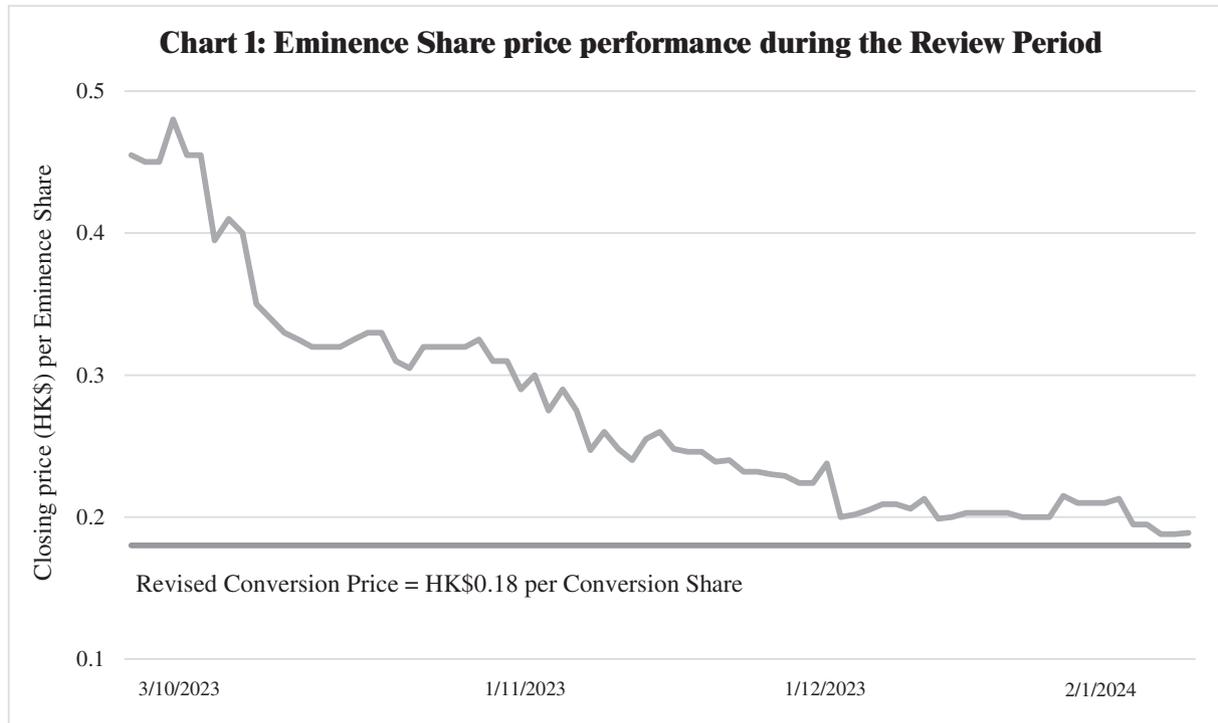
- (i) a discount of approximately 4.76% to the closing price of HK\$0.1890 per Eminence Share as quoted on the Stock Exchange on 23 January 2024, being the date of the Deed of Amendment;
- (ii) a discount of approximately 5.76% to the five (5) trading days’ average of the closing price per Eminence Share of HK\$0.1910, being the last five (5) consecutive trading days up to and including 23 January 2024, being the date of the Deed of Amendment;
- (iii) a discount of approximately 10.58% to the ten (10) trading days’ average of the closing price per Eminence Share of HK\$0.2013, being the last ten (10) consecutive trading days up to and including 23 January 2024, being the date of the Deed of Amendment;
- (iv) a discount of approximately 99.4% 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 Deed of Amendment and net assets as at 30 September 2023 of approximately HK\$3,084.0 million;

LETTER FROM THE EMINENCE BOARD

- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 7.51%, represented by the theoretical diluted price of approximately HK\$0.1811 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 Deed of Amendment 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 date of the Deed of Amendment of approximately HK\$0.1958 per Eminence Share);
- (vi) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the Previous Placing and the Placing represented by a discount of approximately 8.24%, represented by the cumulative theoretical diluted price of approximately HK\$0.0156 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
- (vii) a discount of approximately 25.31% to the closing price of HK\$0.241 per Eminence Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE EMINENCE BOARD

The Revised Conversion Price was determined after arm’s length negotiation between Eminence and Goodco with reference to the prevailing market prices and the recent trading performance of the Eminence Shares. In determining the Revised Conversion 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 Deed of Amendment (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 Revised Conversion Price of HK\$0.18 per Conversion 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 and the Revised Conversion Price is in the interests of Eminence and the Eminence Shareholders as a whole.

LETTER FROM THE EMINENCE BOARD

The Eminence Directors noted the substantial discount of the Revised Conversion Price over the net asset value per Eminence Share. In the securities trading market, the trading price is derived from the supply and demand which reflects the fair value and acceptable trading price in the market. Given the market price of the Eminence Shares has already reflected the expectation of the investors to Eminence (such as its financial results and corporate actions) and the downward trend of the Eminence Share price was generally in line with the recent market sentiment, the Eminence Directors are of the view that it is reasonable to make references to the prevailing market price of the Eminence Shares, rather than the net asset value per Eminence Share in determining the Revised Conversion Price which provides an incentive to the holder of the 2023 Convertible Note to exercise the Conversion Rights attaching thereto. Therefore, the discount of the Revised Conversion Price to the net asset value per Eminence Share which reflects the fair value of the Eminence Share is justifiable, and accordingly, the Revised Conversion Price is in the interests of Eminence and the Eminence Shareholders as a whole.

The Eminence Directors also noted the Eminence Shares had been traded at a downward trend during the Review Period which was in line with the downward trend of the Hang Seng Index, and yet that the downward movement of the Eminence Share prices had become stable in particular since the latter half of the Review Period. Thus, the Eminence Directors considered that it is suitable to conduct the Proposed Alterations at an early stage so as to provide Eminence with flexibility to decide whether to early redeem based on its financial resources and sale of property project(s) if the property market rebounds and also an incentive to Goodco to exercise the Conversion Rights. Therefore, the Eminence Directors are of the view that the timing of revising the Conversion Price is fair and reasonable and in the interests of Eminence and the Eminence Shareholders as a whole.

Assuming that before the Proposed Alterations take effect the Conversion Rights in relation to the total principal amount of the 2023 Convertible Note of HK\$209,000,000 are exercised in full at the existing Conversion Price of HK\$3.70 per Conversion Share, a total of 56,486,486 Conversion Shares would be allotted and issued, representing approximately 54.76% of the issued share capital of Eminence as at the Latest Practicable Date and approximately 35.38% of the issued share capital of Eminence as enlarged by the allotment and issue of such Conversion Shares and assuming that save for the issue of the Conversion Shares, there will be no change to the issued share capital of Eminence from the Latest Practicable Date up to and including the date of issue of such Conversion Shares.

Assuming the Placing is completed in full and after the Proposed Alterations take effect, (i) a total of 1,161,111,111 Conversion Shares would be issuable upon full conversion of the 2023 Convertible Note in the principal amount of HK\$209,000,000; and (ii) the Conversion Rights are exercised in respect of HK\$159,000,000 nominal amount of the 2023 Convertible Note at the Revised Conversion Price of HK\$0.18 per Conversion Share whilst maintaining public float required by the Listing Rules, a total of 883,333,333 Conversion Shares would be allotted and issued, representing approximately 72.31% of the issued share capital of Eminence as enlarged by the allotment and issue of such Conversion Shares and assuming that save for the issue of those Conversion Shares, there will be no change to the issued share capital of Eminence from the Latest Practicable Date up to and including the date of issue of such Conversion Shares.

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 table below sets out the shareholding structure of Eminence (i) as at the Latest Practicable Date; (ii) assuming full conversion of the 2023 Convertible Note before the Placing and the Proposed Alterations; (iii) assuming partial conversion of the 2023 Convertible Note at the Revised Conversion Price up to the public float limit after the Placing and the Proposed Alterations (based on existing number of issued Eminence Shares) (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the number of the Eminence Shares in issue and the Conversion Rights attached to the 2023 Convertible Note are exercised to the maximum extent possible whilst maintaining the public float required by the Listing Rules); and (iv) assuming full conversion of the 2023 Convertible Note at the Revised Conversion Price after the Placing and the Proposed Alterations (based on existing number of issued Eminence Shares).

	As at the Latest Practicable date		Assuming full conversion of the 2023 Convertible Note before the Placing and the Proposed Alterations		Assuming partial conversion of the 2023 Convertible Note at the Revised Conversion Price up to the public float limit after the Placing and the Proposed Alterations (based on existing number of issued Eminence Shares)		Assuming full conversion of the 2023 Convertible Note at the Revised Conversion Price after the Placing and the Proposed Alterations (based on existing number of issued Eminence Shares)	
	(i)		(ii)		(iii)		(iv)	
	Number of Eminence Shares	Approximate %	Number of Eminence Shares	Approximate %	Number of Eminence Shares	Approximate %	Number of Eminence Shares	Approximate %
Substantial Eminence Shareholders								
Easyknit	675,000	0.65	675,000	0.42	675,000	0.06	675,000	0.04
Ace Winner	12,113,454	11.74	12,113,454	7.59	12,113,454	0.99	12,113,454	0.81
Goodco								
– Eminence Shares	14,055,799	13.63	14,055,799	8.81	14,055,799	1.15	14,055,799	0.94
– Underlying Eminence Shares	56,486,486*	–	56,486,486	35.38	883,333,333	72.31	1,161,111,111	77.45
Landmark Profits	584,684	0.57	584,684	0.37	584,684	0.05	584,684	0.04
	<u>27,428,937</u>	<u>26.59</u>	<u>83,915,423</u>	<u>52.57</u>	<u>910,762,270</u>	<u>74.56</u>	<u>1,188,540,048</u>	<u>79.28</u>
Public Eminence Shareholders								
The Placees	–	–	–	–	235,000,000	19.24	235,000,000	15.67
CHENG Tun Nei	10,000,000	9.69	10,000,000	6.26	10,000,000	0.82	10,000,000	0.67
Other public Eminence Shareholders	65,719,179	63.72	65,719,179	41.17	65,719,179	5.38	65,719,179	4.38
	<u>75,719,179</u>	<u>73.41</u>	<u>75,719,179</u>	<u>47.43</u>	<u>310,719,179</u>	<u>25.44</u>	<u>310,719,179</u>	<u>20.72</u>
Total	<u>103,148,116</u>	<u>100.00</u>	<u>159,634,602</u>	<u>100.00</u>	<u>1,221,481,449</u>	<u>100.00</u>	<u>1,499,259,227</u>	<u>100.00</u>

* Unissued Conversion Shares

LETTER FROM THE EMINENCE BOARD

INFORMATION ABOUT GOODCO, EASYKNIT AND EMINENCE

Goodco is a company incorporated in the BVI with limited liability, an indirect wholly-owned subsidiary of Easyknit, a substantial Eminence Shareholder and the holder of the 2023 Convertible Note. The principal business of Goodco is investment holding.

The Easyknit Group is principally engaged in the property development, property investment, investment in securities and others and loan financing businesses. The Easyknit Group currently holds various commercial, industrial and residential properties in Hong Kong. The Easyknit Group owns several residential properties held for development for sale. The investment property of the Easyknit Group is real estate property that has been purchased with the intention of earning a return on the investment, either through rental income, the future resale of the property or both. Easyknit together with its subsidiaries own approximately 26.59% of the issued share capital of Eminence at the Latest Practicable Date.

The Eminence Group is principally engaged in property development, property investment, investment in securities and others and the loan financing businesses. The Eminence Group's real estate activities focus on the industrial and non-residential sectors. As at the Latest Practicable Date, the Eminence Group holds approximately 2.33% of the issued Easyknit Shares.

REASONS FOR AND BENEFITS OF THE DEED OF AMENDMENT

The average closing price of the Eminence Shares during the period from 24 July 2023 and up to and including the date of the Deed of Amendment is approximately HK\$0.38 per Eminence Share and is substantially lower than the prevailing Conversion Price of HK\$3.70 per Conversion Share. By reducing the Conversion Price, the Proposed Alterations will provide an incentive to the holder of the 2023 Convertible Note to exercise the Conversion Rights attaching to the 2023 Convertible Note, and thereby strengthen the capital base and financial position of Eminence. The alterations of the early redemption provision of the 2023 Convertible Note will give Eminence the right to redeem the 2023 Convertible Note whilst allowing it to redeem it early if it so chooses so as to save its future interest expenses and thus free up its financial resources from the repayment of the 2023 Convertible Note which can be used for other working capital of the Eminence Group. The early redemption provision provides Eminence the right to redeem the 2023 Convertible Note when Eminence considers it has sufficient financial resources to conduct such early redemption, and also provides the right for Eminence to refuse such early redemption if Eminence considers Eminence does not have sufficient financial resources. Given (i) the early redemption provision provides flexibility for Eminence to decide whether to conduct such early redemption based on its financial position and relevant business plans; and (ii) Eminence does not require to go through a lengthy procedure when both parties agree to conduct early redemption, including despatch of circular and holding of special general meeting requirements. The Eminence Board considers that the early redemption provision is in the interests of Eminence and the Eminence Shareholders as a whole.

LETTER FROM THE EMINENCE BOARD

The Eminence Board is aware of the shareholding dilution effect on the public Eminence Shareholders. Based on the above, taking into account that (i) the Revised Conversion Price is determined with reference to the prevailing market price which reflects the fair value of the Eminence Share and thus is justifiable; (ii) the lengthy procedures involving alterations of terms of the 2023 Convertible Note in respect of the early redemption clause before exercise of the early redemption right, and the estimated time required of about 2.5 to 3 months in compliance of issue of announcement and circular, and holding of special general meeting requirements; and (iii) the fact that the Deed of Amendment is subject to the Eminence Independent Shareholders' approval and therefore the Eminence Shareholders are given the opportunity and full discretion to consider the Deed of Amendment and decide whether to vote in favour of or against the Deed of Amendment, the Eminence Directors consider that the benefits of the Proposed Alterations outweigh the potential dilution effect to the existing public Eminence Shareholders and accordingly, in the interests of Eminence and the Eminence Shareholders as a whole.

As at the Latest Practicable Date, Eminence has no present plan or intention to conduct early redemption of the 2023 Convertible Note. As aforesaid, Eminence has the right to choose whether to redeem the 2023 Convertible Note in whole or in part based on its financial position and future business plans at the relevant moment, such that the flexibility is in the hands of Eminence. Accordingly, the Eminence Board will assess the impact on Eminence's financial position before early redemption. Eminence will make further announcement(s) in accordance with the Listing Rules as and when appropriate.

The Proposed Alterations will not have an immediate material impact on the net asset value and gearing ratio of the Eminence Group. However, the net asset value and gearing ratio of the Eminence Group are expected to improve upon conversion of the 2023 Convertible Note with the reduction in the overall indebtedness and the increase in total equity of the Eminence Group. Assuming the 2023 Convertible Note is fully converted immediately after the Proposed Alterations, the net assets of approximately HK\$3,084.0 million as at 30 September 2023 will be increased by approximately HK\$172.4 million to net assets of approximately HK\$3,256.4 million. Accordingly, the gearing ratio will be reduced from approximately 71.04% as at 30 September 2023 to approximately 62.2%.

Having considered the above mentioned principal factors and reasons in this letter, the Eminence Directors (excluding all the members of the Eminence Independent Board Committee who will form their view after receiving advice from the Eminence Independent Financial Adviser) are of the view that the terms of the Deed of Amendment are on normal commercial terms, fair and reasonable, and in the interests of Eminence and the Eminence Shareholders as a whole.

Ms. Lui Yuk Chu (an executive Easyknit Director, a substantial Easyknit Shareholder and an executive Eminence Director) abstained from voting on the Eminence Board resolutions to approve the Deed of Amendment. No other Eminence Directors abstained, or was required to abstain, from voting on the Eminence Board resolutions or is required to abstain from voting at the Eminence SGM.

LETTER FROM THE EMINENCE BOARD

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

The following table sets out the equity fund raising activities of Eminence in the past twelve (12) months immediately before the Latest Practicable Date:

Date	Equity fund raising activities	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
23 January 2024 (announcement)	Placing of new shares under specific mandate	Approximately HK\$41,700,000	Approximately 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 Placing is not completed and thus proceeds are not yet utilized

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

PUBLIC FLOAT

The 2023 Convertible Note imposes restrictions on conversions to the extent that they would lead to Eminence breaching the public float requirements under the Listing Rules. Those restrictions will not be affected by the Proposed Alterations.

At the Latest Practicable Date, Easyknit together with its subsidiaries hold in aggregate approximately 26.59% of the issued voting shares in Eminence and the public float of Eminence is approximately 73.41%.

Eminence is mindful of the public float requirements under the Listing Rules and the requirements of the Takeovers Code, and will comply with the relevant Listing Rules and the Takeovers Code, if and when necessary, particularly when considering whether the Conversion Rights under any or all of the 2023 Convertible Note should be exercised after the Proposed Alterations take effect.

LETTER FROM THE EMINENCE BOARD

LISTING RULES IMPLICATIONS

The 2023 Convertible Note is a convertible debt security of Eminence. Under Rule 28.05 of the Listing Rules, any amendments in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the amendments take effect automatically under the existing terms of such convertible debt securities. An application for approval of the Proposed Alterations will be made by Eminence to the Stock Exchange.

Eminence has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Further Conversion Shares (subject to adjustments in accordance with the terms of the 2023 Convertible Note) which may be issued by Eminence on exercise of the Conversion Rights after the Proposed Alterations.

No application has been or will be made for the listing of the 2023 Convertible Note on the Stock Exchange or any other stock exchange and no application will be made for the listing of the Conversion Shares on any other stock exchange.

Easyknit together with its subsidiaries including Goodco own approximately 26.59% of the issued share capital of Eminence as at the Latest Practicable Date. As Goodco, a member of the Easyknit Group, is a substantial Eminence Shareholder and thus a connected person of Eminence, the Deed of Amendment constitutes a connected transaction for Eminence subject to the reporting, announcement, circular and the Eminence Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Eminence SGM will be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares. Only the Eminence Independent Shareholders will be entitled to vote on the ordinary resolution(s) to approve the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares.

The Easyknit Group and its associates (which together control or are entitled to exercise control over voting rights of approximately 26.59% of the Eminence Shares as at the Latest Practicable Date) will abstain from voting, at the Eminence SGM on the ordinary resolution(s) approving the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares.

EMINENCE INDEPENDENT BOARD COMMITTEE AND EMINENCE INDEPENDENT FINANCIAL ADVISER

Eminence has established the Eminence Independent Board Committee comprising its three (3) independent non-executive Eminence Directors, being Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, to advise and give recommendations to the Eminence Independent Shareholders on the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares on exercise of the Conversion Rights attached to it.

LETTER FROM THE EMINENCE BOARD

The Eminence Independent Financial Adviser has been appointed by Eminence after obtaining the approval of the Eminence Independent Board Committee to advise and give recommendations to the Eminence Independent Board Committee and the Eminence Independent Shareholders in relation to (i) the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares on exercise of the Conversion Rights attached to it; and (ii) how to vote at the Eminence SGM.

SPECIFIC MANDATE

The Further Conversion Shares will be allotted and issued under a mandate proposed to be granted to the Eminence Directors by the ordinary resolution(s) passed at the Eminence SGM on which only Eminence Independent Shareholders are entitled to vote.

WARNING

The taking effect of the Proposed Alterations is subject to the fulfilment of a number of conditions precedent, which among other things, include the approval of the Eminence Independent Shareholders. Hence, the Proposed Alterations contemplated under the Deed of Amendment may or may not proceed.

The Eminence Shareholders and potential investors in 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 Deed of Amendment and transactions contemplated thereunder by the Eminence Independent Shareholders by way of poll. Easyknit and its associates will abstain from voting in respect of the ordinary resolution(s) approving the Deed of Amendment and transactions contemplated thereunder at the Eminence SGM.

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 Wednesday, 27 March 2024 at 9:30 a.m. is set out on pages N-1 to N-3 of this circular. A form of proxy for the Eminence SGM is enclosed with this 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 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 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 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 Friday, 22 March 2024 to Wednesday, 27 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 Thursday, 21 March 2024.

RECOMMENDATION

The Eminence Board (including the Eminence Independent Board Committee, who has considered, among other matters, the factors and reasons considered by, and the opinion of the Eminence Independent Financial Adviser) is of the opinion that the Deed of Amendment and transactions contemplated thereunder are fair and reasonable and in the best interests of Eminence and the Eminence Shareholders as a whole and the Eminence Board recommends the Eminence Shareholders to vote in favour of the ordinary resolution(s) to approve the Deed of Amendment and transactions contemplated thereunder to be proposed at the Eminence SGM.

RESPONSIBILITY STATEMENT

The 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MATERIAL ADVERSE CHANGE

The Eminence Directors confirm that, as at the Latest Practicable Date, 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 the appendix to this circular.

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



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

6 March 2024

To the Eminence Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

**PROPOSED ALTERATIONS OF TERMS OF
THE 2023 CONVERTIBLE NOTE
AND
PROPOSED GRANT OF SPECIFIC MANDATE
TO ISSUE CONVERSION SHARES**

We refer to the circular of Eminence dated 6 March 2024 (the “**Circular**”) and have been appointed as members of the Eminence Independent Board Committee to advise you in respect of the Proposed Alterations and transactions contemplated thereunder including grant of the Specific Mandate to allot and issue the Further Conversion Shares, details of which are set out in the Letter from the Eminence Board in the Circular, of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter from the Eminence Independent Financial Adviser as set out on pages 35 to 53 of the Circular, which contains its advice and recommendations to the Eminence Independent Board Committee as to whether or not the Proposed Alterations and transactions contemplated thereunder including grant of the Specific Mandate to allot and issue the Further Conversion Shares are fair and reasonable so far as the Eminence Independent Shareholders are concerned and in the interests of Eminence and the Eminence Shareholders as a whole, as well as the principal factors and reasons for its advice and recommendations.

LETTER FROM THE EMINENCE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the factors and reasons considered by, and the opinion of, the Eminence Independent Financial Adviser as stated in its aforementioned letter, we are of the opinion that the Proposed Alterations and transactions contemplated thereunder including grant of the Specific Mandate to allot and issue the Further Conversion Shares are not conducted in the ordinary and usual course of business of the Eminence Group, but are on normal commercial terms and fair and reasonable as far as the Eminence Independent Shareholders are concerned and in the interests of Eminence and the Eminence Shareholders as a whole. We, therefore, recommend the Eminence Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the Eminence SGM to approve the Proposed Alterations and transactions contemplated thereunder including grant of the Specific Mandate to allot and issue the Further Conversion Shares.

Yours faithfully,

For and on behalf of the Eminence Independent Board Committee

Kan Ka Hon

*Independent non-executive
Eminence Director*

Lau Sin Ming

*Independent non-executive
Eminence Director*

Wu Koon Yin Welly

*Independent non-executive
Eminence Director*

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Eminence Independent Financial Adviser which sets out its advice to the Eminence Independent Board Committee and the Eminence Independent Shareholders regarding the connected transaction for the purpose of inclusion in this circular.



紅日資本有限公司
RED SUN CAPITAL LIMITED

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China Insurance Group Building,
141 Des Voeux Road Central,
Hong Kong

Tel: (852) 2857 9208
Fax: (852) 2857 9100

6 March 2024

To the Eminence Independent Board Committee and the Eminence Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

PROPOSED ALTERATIONS OF TERMS OF THE 2023 CONVERTIBLE NOTE

INTRODUCTION

We refer to our appointment as the Eminence Independent Financial Adviser to advise the Eminence Independent Board Committee and the Eminence Independent Shareholders in relation to the Proposed Alterations and transactions contemplated thereunder, details of which are set out in the letter from the Eminence Board (the “**Letter from the Eminence Board**”) enclosed in the circular dated 6 March 2024 issued by Eminence to the Eminence Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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.

The 2023 Convertible Note is a convertible debt security of Eminence. Under Rule 28.05 of the Listing Rules, any amendments in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the amendments take effect automatically under the existing terms of such convertible debt securities. An application for approval of the Proposed Alterations will be made by Eminence to the Stock Exchange.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

Eminence has made its application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Further Conversion Shares (subject to adjustments in accordance with the terms of the 2023 Convertible Note) which may be issued by Eminence on exercise of the Conversion Rights after the Proposed Alterations.

No application has been or will be made for the listing of the 2023 Convertible Note on the Stock Exchange or any other stock exchange and no application will be made for the listing of the Conversion Shares on any other stock exchange.

Easyknit together with its subsidiaries including Goodco own approximately 26.59% of the issued share capital of Eminence as at the Latest Practicable Date. As Goodco, a member of the Easyknit Group, is a substantial Eminence Shareholder and thus a connected person of Eminence, the Deed of Amendment constitutes a connected transaction for Eminence and subject to the reporting, announcement, circular and the Eminence Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Eminence SGM will be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares. Only the Eminence Independent Shareholders will be entitled to vote on the ordinary resolution(s) to approve the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares.

The Easyknit Group and its associates (which together control or are entitled to exercise control over voting rights of approximately 26.59% of the Eminence Shares as at the Latest Practicable Date) will abstain from voting, at the Eminence SGM on the ordinary resolution(s) approving the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares.

THE EMINENCE INDEPENDENT BOARD COMMITTEE

The Eminence Independent Board Committee comprising three (3) independent non-executive Eminence Directors, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, has been established to advise and give recommendations to the Eminence Independent Shareholders on the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares on exercise of the Conversion Rights attached to it.

We, Red Sun Capital Limited, have been appointed by Eminence as the Eminence Independent Financial Adviser to advise and give recommendations to the Eminence Independent Board Committee and the Eminence Independent Shareholders in relation to (i) the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares on exercise of the Conversion Rights attached to it; and (ii) how to vote at the Eminence SGM. Our appointment has been approved by the Eminence Independent Board Committee.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have reviewed, among other things, (i) the sale and purchase agreements dated 30 November 2022 in respect of the 2023 Convertible Note; (ii) the interim report of the Eminence Group for the six months ended 30 September 2023 (the “**2023 Interim Report**”); (iii) the annual report of the Eminence Group for the year ended 31 March 2023 (the “**2023 Annual Report**”); (iv) the Deed of Amendment; (v) the announcement of Eminence dated 23 January 2024 in relation to the Proposed Alterations of terms of the 2023 Convertible Note; and (vi) other information as set out in the Circular. We consider that we have reviewed sufficient of relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Listing Rules to reach an informed view and to provide a reasonable basis for our opinion and recommendation. We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Eminence Directors and the management of Eminence (the “**Management**”). We have reviewed, *inter alia*, the statements, the information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Eminence Directors. We have assumed that all statements, information and representations provided by the Eminence Directors and the Management, for which they are solely responsible, were true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Eminence Independent Shareholders will be notified of any material changes to such information and representations on or before the Eminence SGM. We have also assumed that all statements of belief, opinion and expectation made by the Eminence Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by Eminence, its advisers and/or the Eminence Directors.

The Eminence Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Eminence Group, nor have we considered the taxation implication as a result of the Proposed Alterations of terms of the 2023 Convertible Note. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. The Eminence Independent Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion after the Latest Practicable Date or lead us to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Eminence Shares or any other securities of Eminence.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in Eminence or any other parties that could reasonably be regarded as relevant to our independence. In the last two (2) years, we have acted as the independent financial adviser to independent board committees and independent shareholders of Eminence in relation to (i) the adjustments to the conversion prices of the convertible notes of Eminence, details of which are set out in the certificate dated 20 April 2022; (ii) a very substantial acquisition and connected transaction, details of which are set out in the circular of Eminence dated 21 January 2023; (iii) the adjustments to the conversion price of the convertible note of Eminence, details of which are set out in the certificate dated 3 August 2023; and (iv) major and continuing connected transaction, details of which are set out in the circular of Eminence dated 18 October 2023 (collectively “**Previous Engagements**”). Apart from the abovementioned independent financial adviser roles, we have not acted in any capacity for Eminence in the past two (2) years.

Under the Previous Engagements, we were required to express our opinion on and give recommendations to the Eminence Independent Board Committee (comprising all the independent non-executive Directors) and the Eminence Independent Shareholders in respect of the relevant transactions. Each of the Previous Engagements was independent engagement with normal professional fee paid in connection to each of the Previous Engagements, no interrelationship between each of the Previous Engagements. Apart from normal professional fees paid or payable to us in connection with this appointment as the Eminence Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from Eminence or any other parties that could reasonably be regarded as relevant to our independence. We were not connected with the Eminence Directors, chief executive of Eminence and substantial Eminence Shareholders or any of their respective subsidiaries or their respective associates, and do not have any shareholding, directly or indirectly, in any member of the Eminence Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Eminence Group. Among the Previous Engagements, each of the transactions was an independent transaction and different in nature, thus, we were expressing our opinion on a case-by-case basis and only normal professional fees were received for each of the engagements. Although two (2) of the Previous Engagements were in relation to the convertible note, given (i) one of them was expressing our opinion on the fairness and reasonableness of the principal terms of the sale and purchase agreements and the issue of the convertible note; and (ii) another one was in relation to adjustments to the conversion price of the convertible note, the nature for each of the abovementioned transactions are different with this transaction, accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation, we have taken into consideration the following principal factors and reasons:

1. Business and financial overview of the Eminence Group

Table 1: Consolidated income statement of the Eminence Group

	For the six months ended		For the year ended 31	
	30 September		March	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Continuing operations				
Revenue	15,256	13,323	27,194	37,081
Cost of services rendered	(1,530)	(1,437)	(2,969)	(2,910)
(Loss) profit before taxation	(149,710)	54,421	57,321	87,219
Taxation credit (charge)	560	(741)	1,649	(696)
(Loss) profit for the period/year attributable to owners of Eminence	(158,263)	63,412	63,572	116,447

For the six months ended 30 September 2023 versus for the six months ended 30 September 2022

As extracted from the 2023 Interim Report, the principal source of revenue of the Eminence Group was derived from (i) rental income; and (ii) interest income from loan financing, which respectively contributed to approximately 92.1% and 7.9% of the total revenue of the Eminence Group for the six months ended 30 September 2023, respectively.

As set out in Table 1 above, the revenue of the Eminence Group increased by approximately HK\$1.93 million or approximately 14.5% from approximately HK\$13.3 million for the six months ended 30 September 2022 to approximately HK\$15.3 million for the six months ended 30 September 2023. Such increase was mainly attributable to (i) the increase in rental income by approximately HK\$2.1 million from approximately HK\$11.9 million for the six months ended 30 September 2022 to approximately HK\$14.0 million for the six months ended 30 September 2023; and (ii) decrease in interest income from loan financing by approximately HK\$0.2 million from approximately HK\$1.4 million for the six months ended 30 September 2022 to approximately HK\$1.2 million for the six months ended 30 September 2023.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

The Eminence Group's profit for the period attributable to owners of Eminence decreased by approximately HK\$221.7 million from a profit of approximately HK\$63.4 million for the six months ended 30 September 2022 to a loss of approximately HK\$158.3 million for the six months ended 30 September 2023, which was mainly attributable to (i) decrease in revenue; (ii) increase in loss on changes in fair value of investment properties; (iii) increase in write-down on properties held for development for sale; and (iv) increase in finance costs. Such loss was partially offset by increase in net gain on changes in fair value of financial assets at fair value through profit or loss.

Financial year ended 31 March 2023 ("FY2023") versus financial year ended 31 March 2022 ("FY2022")

As extracted from the 2023 Annual Report, the principal source of revenue of the Eminence Group was derived from (i) rental income; and (ii) interest income from loan financing, which contributed to approximately 89.8% and 10.2% of the total revenue of the Eminence Group for FY2023, respectively.

As set out in Table 1 above, the revenue from continuing operations of the Eminence Group decreased by approximately HK\$9.9 million or approximately 26.7% from approximately HK\$37.1 million in FY2022 to approximately HK\$27.2 million in FY2023. Such decrease was mainly attributable to (i) the decrease in the rental income by HK\$6.1 million from approximately HK\$30.5 million in FY2022 to approximately HK\$24.4 million in FY2023; and (ii) the decrease in the interest income from loan financing by HK\$3.8 million from approximately HK\$6.6 million in FY2022 to approximately HK\$2.8 million in FY2023.

The Eminence Group's profit for the year decreased by approximately HK\$52.8 million from approximately HK\$116.4 million for FY2022 to approximately HK\$63.6 million for FY2023. Such decrease was mainly attributable to, among other things, (i) decrease in revenue; (ii) decrease in gain or settlement of loans receivable by properties; and (iii) decrease in write-back on properties held for development for sale, net. Such decrease in profit was partially offset by (i) increase in gain on changes in fair value of investment properties; and (ii) decrease in impairment loss on loan receivable.

Table 2: Consolidated statement of financial position of the Eminence Group

	As at	As at 31 March	
	30 September 2023	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Non-current assets	1,349,941	1,438,126	1,495,937
Current assets	4,350,934	4,186,141	3,383,871
Non-current liabilities	1,086,628	1,521,181	962,755
Current liabilities	1,530,236	867,920	901,866
Net current assets	2,820,698	3,318,221	2,482,005
Total equity	3,084,011	3,235,166	3,015,187

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

Financial position as at 30 September 2023 versus financial position as at 31 March 2023

As set out in Table 2 above, as at 30 September 2023, the Eminence Group recorded net current assets of approximately HK\$2,820.7 million (31 March 2023: approximately HK\$3,318.2 million).

The Eminence Group's current assets increased from approximately HK\$4,186.1 million as at 31 March 2023 to approximately HK\$4,350.9 million as at 30 September 2023. Such increase was mainly attributable to combined effect of (i) the increase in properties held for development for sale by approximately HK\$124.1 million; (ii) the increase in cash and cash equivalents of approximately HK\$50.8 million; (iii) the increase in financial assets at fair value through profit or loss by approximately HK\$26.7 million; (iv) the decrease in loan receivables by approximately HK\$18.2 million; (v) the increase in trade and other receivables by approximately HK\$13.0 million; and (vi) the decrease in prepaid income tax by approximately HK\$1.6 million.

The Eminence Group's current liabilities increased from approximately HK\$867.9 million as at 31 March 2023 to approximately HK\$1,530.2 million as at 30 September 2023. Such increase was mainly attributable to combined effect of (i) the increase in secured bank borrowings by approximately HK\$587.4 million; (ii) the increase in deposit received for disposal of assets classified as held for sale by approximately HK\$70.6 million; (iii) the increase in trade and other payables by approximately HK\$3.5 million; (iv) the increase in lease liabilities by approximately HK\$1.1 million; and (v) the decrease in tax payables by approximately HK\$0.4 million.

Financial position as at 31 March 2023 versus financial position as at 31 March 2022

As set out in Table 2 above, as at 31 March 2023, the Eminence Group recorded net current assets of approximately HK\$3,318.2 million (31 March 2022: approximately HK\$2,482.0 million).

The Eminence Group's current assets increased from approximately HK\$3,383.9 million as at 31 March 2022 to approximately HK\$4,186.1 million as at 31 March 2023. Such increase was mainly attributable to the combined effect of (i) the increase in properties held for development for sale by approximately HK\$287.3 million; (ii) the decrease in trade and other receivables by approximately HK\$69.9 million; (iii) the decrease in loan receivables by approximately HK\$16.5 million; (iv) the decrease in financial assets at fair value through profit or loss of approximately HK\$66.2 million; (v) the decrease in debt instruments at fair value through other comprehensive income by approximately HK\$1.8 million; (vi) the increase in cash and cash equivalents by approximately HK\$271.9 million; and (vii) the increase in assets classified as held for sale – investment properties of approximately HK\$370.1 million.

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The Eminence Group's current liabilities decreased from approximately HK\$901.9 million as at 31 March 2022 to approximately HK\$867.9 million as at 31 March 2023 which was mainly attributable to combined effect of (i) the decrease in secured bank borrowings by approximately HK\$244.7 million; (ii) the increase in trade and other payables by approximately HK\$1.8 million; (iii) the decrease in lease liabilities by approximately HK\$1.4 million; (iv) the decrease in tax payable by approximately HK\$0.2 million; and (v) the increase in deposit received for disposal of assets classified as held for sale of approximately HK\$226.8 million.

2. Reasons for and benefits of the Proposed Alterations

As stated in the Letter from the Eminence Board, the average closing price of the Eminence Shares during the period from 24 July 2023 and up to and including the date of the Joint Announcement is approximately HK\$0.38 per Eminence Share and is substantially lower than the prevailing Conversion Price of HK\$3.70 per Conversion Share. By reducing the Conversion Price, the Proposed Alterations will provide an incentive to the holder of the 2023 Convertible Note to exercise the Conversion Rights attaching to the 2023 Convertible Note, and thereby strengthen the capital base and financial position of Eminence. The alterations of the early redemption provision of the 2023 Convertible Note will give Eminence the right to redeem the 2023 Convertible Note whilst allowing it to redeem it early if it so chooses as to save its future interest expenses and thus free up its financial resources from the repayment of the 2023 Convertible Note which can be used for other working capital of the Eminence Group.

According to the existing terms of the 2023 Convertible Note, as the 2023 Convertible Note will be due on 19 February 2028, based on the consolidated management accounts of the Eminence Group provided by the Management, given that 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 as unavailable amount retained in the PRC, leaving available amount to be approximately HK\$158,573,000, we consider that the Eminence Group may not be able to repay the 2023 Convertible Note based on the current consolidated management accounts of the Eminence Group provided by the Management. However, the early redemption provision provides Eminence the right to redeem the 2023 Convertible Note when Eminence considers it has sufficient financial resources to conduct such early redemption, it also provides the right for Eminence to refuse such early redemption if it considers Eminence does not have sufficient financial resources (given the early redemption is allowed at any time at election of Eminence or Goodco but with the approval of Eminence). As at the Latest Practicable Date, Eminence does not have any present plan to early redeem the 2023 Convertible Note, Eminence will consider to early redeem based on the sales performance of Eminence's property project and its financial position at the relevant time. Although Eminence has no current plan to early redeem the 2023 Convertible Note based on its current financial position, we consider it is justifiable to conduct the Proposed Alterations at the earlier stage to provide with Eminence the flexibility if the property market rebounds leading to a turnaround in the sales performance of the property project. Thus, we consider the timing of the Proposed Alterations, in particular, reducing the Conversion Price at the earlier stage to provide an incentive to the holder of the 2023 Convertible Note to exercise the Conversion Rights attaching to the 2023 Convertible Note is in the interests of Eminence and the Eminence Shareholders as a whole.

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Given (i) the early redemption provision provides flexibility for Eminence and Goodco to decide whether to conduct such early redemption based on their respective financial positions and relevant business plans; (ii) Eminence does not require to go through a lengthy procedure and relevant costs can be saved when both parties agree to conduct early redemption (including despatch of circular and holding of special general meeting requirements); and (iii) if Goodco conducts early redemption, Eminence has the right to decide whether to conduct such early redemption after considering the financial position at the relevant moment, the possible financial effects shall be assessed by Eminence whether it is in the interests of Eminence and the Eminence Shareholders, the early redemption provision is fair and reasonable and in the interests of Eminence and the Eminence Shareholders as a whole.

Furthermore, the Proposed Alterations should provide an incentive to the holder of the 2023 Convertible Note to exercise the Conversion Rights attaching to the 2023 Convertible Note as the original Conversion Price is much higher than the prevailing market price of the Eminence Shares, which will be further discussed below. Reducing the Conversion Price will provide the opportunity to improve the Eminence Group's financial position if the existing noteholder exercise the Conversion Rights attached to the 2023 Convertible Note.

We have also considered the dilution effect of the conversion of the 2023 Convertible Note. As illustrated in section headed "5. Effect on the shareholding structure of Eminence" below in this letter, assuming the Conversion Rights attached to the 2023 Convertible Note are exercised to the maximum extent possible whilst maintaining the public float required by the Listing Rules, the shareholding of the public Eminence Shareholders will be diluted from the current level of approximately 73.41% to approximately 25.44% upon the exercise of the 2023 Convertible Note the maximum extent possible whilst maintaining the public float required by the Listing Rules. Given the abovementioned exercise has positive impact to the financial position of Eminence and more working capital can be retained for other business plans, we consider the abovementioned exercise, representing, the incentive provided by the Revised Conversion Price is in the interests of Eminence and the Eminence Shareholders.

After considering (i) the financial performance of the Eminence Group, as discussed in the section headed "1. Business and financial overview of the Eminence Group" in this letter above, that the Eminence Group may not be able to generate sufficient funding from operating activities to repay the 2023 Convertible Note; (ii) there is no other financing alternatives available to the Eminence Group to raise the fund needed for repayment of the 2023 Convertible Note; and (iii) the Eminence Group's financial position can be improved in the event that the existing noteholder convert the 2023 Convertible Note, we consider that the Proposed Alterations are fair and reasonable.

3. Deed of Amendment and the Proposed Alterations

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.

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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
Conversion Price:	HK\$3.70 (subsequent to the Reorganisation and Placing)	HK\$0.18
Number of the Conversion Shares issuable:	56,486,486	1,161,111,111 (upon full conversion)
Number of the Conversion Shares:	56,486,486	883,333,333 (assuming the Placing is completed in full)
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.

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

3.1 Revised Conversion Prices

The Revised Conversion Price 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 23 January 2024, being the date of the Deed of Amendment;
- (ii) a discount of approximately 5.76% to the five (5) trading days' average of the closing price per Eminence Share of HK\$0.1910, being the last five (5) consecutive trading days up to and including 23 January 2024, being the date of the Deed of Amendment;

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- (iii) a discount of approximately 10.58% to the ten (10) trading days' average of the closing price per Eminence Share of HK\$0.2013, being the last ten (10) consecutive trading days up to and including 23 January 2024, being the date of the Deed of Amendment;
- (iv) a discount of approximately 99.4% 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 Deed of Amendment and net assets as at 30 September 2023 of approximately HK\$3,084.0 million;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 7.51%, represented by the theoretical diluted price of approximately HK\$0.1811 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 Deed of Amendment 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 date of the Deed of Amendment of approximately HK\$0.1958 per Eminence Share);
- (vi) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the Previous Placing and the Placing represented by a discount of approximately 8.24%, represented by the cumulative theoretical diluted price of approximately HK\$0.0156 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
- (vii) a discount of approximately 25.31% to the closing price of HK\$0.241 per Eminence Share as quoted on the Stock Exchange on the Latest Practicable Date.

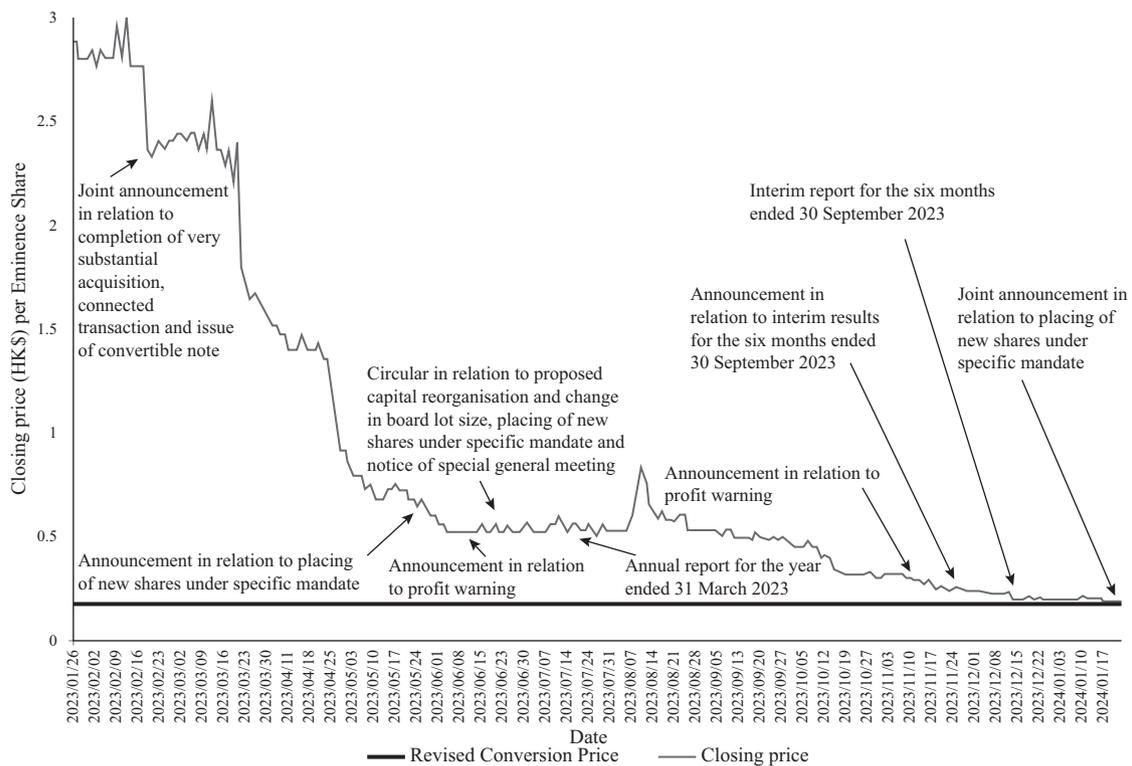
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3.2 Our analysis on the Proposed Alterations

(i) Comparison of the Revised Conversion Price with historical Eminence Share price

In order to assess the fairness and reasonableness of the Revised Conversion Price, we have reviewed the daily closing price of the Eminence Shares as quoted on the Stock Exchange from 26 January 2023 up to and including 23 January 2024 (i.e. the date of the Deed of Amendment) (the “**Review Period**”), being a period of approximately twelve (12) months prior to and including the date of the Deed of Amendment. The comparison of daily closing prices of the Eminence Shares and the Revised Conversion Price is illustrated as follows:

Chart 1: Historical Eminence Share price performance of Eminence during the Review Period



Source: The Stock Exchange's website (www.hkex.com.hk)

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As illustrated in Chart 1 above, the Eminence Shares have been traded at a general downward trend during the Review Period particularly since August 2023. During the Review Period, the closing prices of the Eminence Shares ranged from HK\$0.188 per Eminence Share to HK\$3.00 per Eminence Share. The Revised Conversion Price of HK\$0.18 per Eminence Share therefore slightly falls out of the said price range of the closing prices of the Eminence Shares, and represents a discount of approximately 94.0% and 4.3% to the highest and lowest closing price of the Eminence Shares, respectively, during the Review Period. We also note that the Revised Conversion Price represents a discount of approximately 79.7% to the average closing price of HK\$0.888 per Eminence Share during the Review Period. During the Review Period, the trading price of the Eminence Shares has been experiencing a substantial downward pressure since February 2023, which was in line with the downward trend of the Hang Seng Index, then displayed a relatively stable trend towards the end of the Review Period. As set out in the Letter from the Eminence Board, the Eminence Directors considered that it is suitable to conduct the Proposed Alterations at an early stage so as to provide Eminence with flexibility to decide whether to early redeem based on its financial resources and sales performance of property project(s) if the property market rebounds and also an incentive to Goodco to exercise the Conversion Rights. We noted from the 2023 Interim Report of Eminence that (i) the property development projects of Eminence, such as “Project King Lam Street”, “Project Kennedy Town” and “Project Fung Wah” are expected to complete in 2024, 2025 and 2026, respectively; and (ii) the total rental income of the Eminence Group recorded from continuing operations representing an increase of approximately 17.7% for the six months ended 30 September 2023 regarding property investment of Eminence. Having considered that (i) the Eminence Shares had remained relatively stable towards (a) the end of the Review Period and (b) in the three (3) months immediately prior to the Latest Practicable Date, respectively; and (ii) future development and performance of property industry is uncertain, subject to the then future market condition, possibly different to prevailing market condition of property industry that could be achieved as at the Latest Practicable Date, we are of the view that the timing of revising the Conversion Price is fair and reasonable and in the interests of Eminence and the Eminence Shareholders as a whole.

As per our understanding from the Management, the Revised Conversion Price was determined after arm’s length negotiations between the parties thereto and by reference to the recent trading performance of the Eminence Shares on the Stock Exchange and is not less than the par value of HK\$0.01 per existing ordinary Eminence Share of the issued share capital of Eminence. Accordingly, given that (i) the Eminence Shares have been experiencing a substantial downward pressure since August 2023; and (ii) the Revised Conversion Price was determined after arm’s length negotiations between the parties thereto, even though it represents a discount of approximately 79.7% to the average closing price during the Review Period, we are of the view that the Revised Conversion Price under the Deed of Amendment is fair and reasonable.

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(ii) *Historical Eminence Share price performance against the net asset value per Eminence Share*

Period (Note 1)	Net assets <i>HK\$'000</i>	Published net asset value per Eminence Share (Note 2)	Eminence Share price			Discount to net asset value per Eminence Share		
			Highest	Lowest	Average	Highest	Lowest	Average
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	(%)	(%)
26 June 2023 to 23 January 2024	3,084,011	29.90	0.84	0.25	0.47	97.2	99.2	98.4

Source: The Stock Exchange's website (www.hkex.com.hk)

Notes:

1. The period represents the first trading day immediately after the publication of the relevant results announcement of Eminence during the Review Period.
2. The net asset value per Eminence Share is calculated based on the net asset value attributable to the Eminence Shareholders as extracted from respective results announcement of Eminence and divided by the total number of the Eminence Shares in issue as at the respective period end date.

As set out in the table above, we noticed that during the six (6)-month period prior to and including 23 January 2024, being the date of the Deed of Amendment, the Eminence Shares have been constantly trading at discounts to the then net asset value per Eminence Shares. The discounts to the then net asset value per Eminence Share ranged from approximately 99.2% to 97.2%, with an average of approximately 98.4%. With respect to the Revised Conversion Price, the discount of approximately 99.4% over 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 Deed of Amendment is slightly higher than the average of the discounts of the net asset value per Eminence Share during the period.

We are of the view that the prevailing market price is a more relevant factor in determining the fairness and reasonableness of the initial conversion price. Discount to net asset value should be taken as a reference only. We consider that the current market price of the Eminence Shares directly reflects the value of the Eminence Shares that is generally perceived by the market having taken into account all business segments of the Eminence Group as well as the prevailing market conditions. Therefore, we are of the view that the Revised Conversion Price is fair and reasonable as it reflects the current market price of the Eminence Shares.

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(iii) Comparison with recent issuance of convertible bonds/notes

In order to assess the fairness and reasonableness of the Proposed Alterations, namely the Revised Conversion Price, we have, on a best efforts basis, conducted a search of all recent issues of convertible bond(s) or convertible note(s) under specific mandate by companies listed on the Stock Exchange that the transaction involved issue of convertible bond(s) or convertible note(s), excluding those that are perpetual in term and have no maturity date, which we considered to be not comparable to the convertible bond(s) or convertible note(s) in terms of the nature as the perpetual convertible bond(s) or convertible note(s) offer a steady stream of interest indefinitely and the principal is generally not redeemable while the convertible bond(s) are redeemable at maturity date) for the six (6)-month period prior to and including 23 January 2024, being the date of the Deed of Amendment (the “**Comparable Issues**”) through published information on the Stock Exchange’s website. We consider that the six (6)-month period is appropriate in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues under similar market conditions, given that (i) the timeframe is sufficient in generating a reasonable and meaningful amount of samples for the purpose of our analysis; (ii) the inclusion of all Comparable Issues without any artificial selection or filtering on our part represents a true and fair view of the recent market trends for similar transactions conducted by other listed issuers in Hong Kong; and (iii) the inclusion of all Comparable Issues without limiting to transactions with amendments of the convertible bonds or notes provide a true and fair view of the recent market trends considering (a) different in rationales; (b) different in nature of convertible bonds or notes; (c) business of relevant companies are different; (d) limited number of transactions with amendments of the convertible bonds or notes which involved similar alterations of terms; and (e) historical transactions with amendments of the convertible bonds or notes may beyond six (6) months which may not reflecting the recent market condition, such may distort the result of analysis. Therefore, such selection criteria is considered to be representative and comparable. Based on such criteria, we have identified 21 Comparable Issues on an exhaustive basis meeting the aforesaid criteria. The Eminence Shareholders should note that the size, principal business, scale of the market capitalisation, profitability and financial positions of Eminence may be not the same as the issues of the Comparable Issues and we have not conducted any in-depth investigation into the size, principal business, scale of the market capitalisation, profitability and financial positions of the issuers of the Comparable Issues. This analysis is aiming in providing a general reference for the recent market practice in relation to the key terms of the Comparable Issues. We consider that our comparable analysis on the terms of the convertible bonds or convertible notes without limiting it to companies that are of similar size, principal

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business, scale of the market capitalisation, profitability and financial positions to the Eminence Group is fair and reasonable and useful for the Eminence Independent Shareholders' reference. We set out our findings in the table below:

Company name	Stock code	Date of announcement	Interest rate per annum (%)	Subscribers are connected person	Maturity (year/s)	Premium/(discount)	Premium/(discount)	Premium/(discount)	Amendments of conversion price at least three years before the maturity of the convertible bonds or notes
						of conversion price over/to the average closing price of respective shares for the last five consecutive trading days prior to/up to and including the date of respective agreement	of conversion price over/to the closing price on the respective date of the agreements as stated in the announcements of respective companies	of conversion price over/to the net asset value per share	
Innovative Pharmaceutical Biotech Limited	399	27 July 2023	0.0	Yes	10.0	0.00	4.66	357.35	No
Life Concepts Holdings Limited ("Life Concepts")	8056	03 August 2023	0.0	No	5.0	(60.20)	(61.60)	178.99	No
Mobile Internet (China) Holdings Limited ("Mobile Internet")	1439	25 August 2023	2.0	No	2.0	(58.30)	(67.10)	2,914.63	No
Kiu Hung International Holdings Limited	381	29 August 2023	4.0	No	5.0	32.74	31.58	(219.94)	Yes
Wai Chun Group Holdings Limited	1013	29 August 2023	1.0	Yes	4.0	0.00	(39.50)	130.04	No
Wai Chun Group Holdings Limited	1013	29 August 2023	1.0	Yes	4.0	0.00	(39.50)	130.04	No
Hong Kong Aerospace Technology Group Limited	1725	31 August 2023	0.5	No	1.0	(8.91)	8.31	92.32	No
Huscoke Holdings Limited ("Huscoke")	704	11 September 2023	8.0	Yes	2.0	(0.56)	0.00	(1,878.97)	No
China Parenting Network Holdings Limited	1736	12 September 2023	8.0	No	0.5	0.00	2.15	(408.76)	No
China Kingstone Mining Holdings Limited	1380	22 September 2023	2.0	No	3.0	(44.20)	(43.56)	(362.49)	No
Wai Hung Group Holdings Limited ("Wai Hung")	3321	22 September 2023	0.0	No	3.0	(97.98)	(98.44)	26.56	Not Applicable
Asia Television Holdings Limited	707	28 September 2023	8.0	No	2.0	177.77	122.20	127.57	No
Kasen International Holdings Limited	496	29 September 2023	5.0	No	1.5	20.00	32.80	(687.35)	No
Hatcher Group Limited	8365	06 October 2023	0.0	No	2.0	9.59	10.80	89.22	No
Century Entertainment International Holdings Limited	959	16 October 2023	0.0	Yes	3.0	13.27	8.47	305.59	No
Prosperity Investment Holdings Limited	310	16 November 2023	8.0	Yes	2.0	10.67	10.67	83.08	No
Zhongliang Holdings Group Company Limited	2772	20 November 2023	3.0	No	3.7	321.10	313.80	99.71	No
Oriental Payment Group Holdings Limited	8613	02 January 2024	12.0	Yes	4.5	0.00	4.00	76.03	No
Zhi Sheng Group Holdings Limited	8370	03 January 2024	0.0	No	2.0	45.32	45.32	92.62	No
CNC Holdings Limited ("CNC")	8356	15 January 2024	0.8	Yes	1	1533.33	1533.33	149.86	No
CNC	8356	15 January 2024	0.8	Yes	1	1533.33	1533.33	149.86	No
		Maximum (Note)	12.00		10.00	321.10	313.80	357.35	
		Minimum (Note)	0.00		0.50	(44.20)	(43.56)	(687.35)	
		Average (Note)	3.50		3.21	38.49	31.48	(6.33)	
		Median (Note)	2.00		3.00	9.59	8.47	92.32	
Eminence	616	23 January 2024	5.00		5.00	(4.76)	(5.76)	(99.4)	Yes

Source: The Stock Exchange's website (www.hkex.com.hk) and adopted from the relevant announcements.

Note:

Given (i) the premium and discount under the issuance of convertible bonds by Mobile Internet, Huscoke and CNC are substantially higher than the range of the premium/discount of the other Comparable Issues; (ii) the issuance of convertible bond by Wai Hung as set out in the announcement of Wai Hung dated 22 September 2023 was terminated as set out in the announcement of Wai Hung dated 8 December 2023; and (iii) the issuance of convertible bond by Life Concepts as set out in the announcement of Life Concepts dated 3 August 2023 was terminated as set out in the announcement of Life Concepts dated 3 August 2023, with a view to ensure the Comparable Issues reflects the general market conditions, Mobile Internet, Huscoke, Wai Hung, Life Concepts and CNC are considered as outliers, were excluded from the analysis.

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(a) Revised Conversion Price

The Revised Conversion Price of HK\$0.18 per Conversion 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 23 January 2024, being the date of the Deed of Amendment; and (ii) a discount of approximately 5.76% to the five (5) trading days' average of the closing price per Eminence Share of HK\$0.1910, being the last five (5) consecutive trading days up to and including 23 January 2024, being the date of the Deed of Amendment. As shown in the table, we note that out of 21 Comparable Issues, one (1) of them is related to amendments of conversion price at least three (3) years before the maturity of the convertible bonds or notes.

As shown in the table above, the conversion prices of the Comparable Issues ranged from (i) discount of approximately 44.20% to a premium of approximately 321.10% over the closing prices of the respective shares on the date of the respective agreements; and (ii) a discount of approximately 43.56% to a premium of approximately 313.80% over the average closing prices of respective shares for the last five (5) consecutive trading days immediately prior to or up to and including the date of the respective agreements.

We note that the discount of the Revised Conversion Price of approximately 4.76% to the closing price of HK\$0.1890 per Eminence Share as quoted on the date of the Deed of Amendment and the discount of approximately 5.76% to the five (5) trading days' average of the closing price per Eminence Share are within the range of the Comparable Issues.

(b) Conclusion

Having considered the above analysis and the reasons as set out in the section headed "2. Reasons for and benefits of the Proposed Alterations" above, and the Revised Conversion Price is within the range of both the premium/(discount) of the conversion price over/to the closing price on the respective date of relevant agreement of the Comparable Issues and the average closing price for the respective last five (5) trading days of the Comparable Issues, we are of the view that the terms of the Proposed Alterations are fair and reasonable so far as the Eminence Independent Shareholders are concerned and on normal commercial terms.

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4. Possible financial effects as a result of the Proposed Alterations

The financial effects as a result of the Proposed Alterations set out below are purely for illustrative purposes only and do not reflect the future financial position of Eminence or the Eminence Group after the completion of the Proposed Alterations.

Effect on net assets value and gearing ratio

It is expected that the Proposed Alterations will not have an immediate material impact on the net asset value and gearing ratio of the Eminence Group. However, the net asset value and gearing ratio of the Eminence Group are expected to improve upon conversion of the 2023 Convertible Note with the reduction in the overall indebtedness and the increase in total equity of the Eminence Group. Assuming the 2023 Convertible Note is fully converted immediately after the Proposed Alterations, the net assets of approximately HK\$3,084.0 million as at 30 September 2023 will be increased by approximately HK\$172.4 million to net assets of approximately HK\$3,256.4 million. Accordingly, the gearing ratio will be reduced from approximately 71.04% as at 30 September 2023 to approximately 62.2%.

5. Effect on the shareholding structure of Eminence

The Eminence Independent Shareholders' attention is drawn to the section headed "EFFECTS ON THE SHAREHOLDING STRUCTURE OF EMINENCE" in the Letter from the Eminence Board for the details of changes in the shareholding structure of Eminence immediately upon completion of the Placing and the Proposed Alterations (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the number of the Eminence Shares in issue and the Conversion Rights attached to the 2023 Convertible Note are exercised to the maximum extent possible whilst maintaining the public float required by the Listing Rules).

As at the Latest Practicable Date, Eminence had 103,148,116 Eminence Shares in issue. Assuming the Conversion Rights attached to the 2023 Convertible Note are exercised to the maximum extent possible whilst maintaining the public float required by the Listing Rules, a total of 883,333,333 Conversion Shares will be allotted and issued at the Revised Conversion Price of HK\$0.18 per Conversion Share, representing approximately 72.31% of the enlarged issued share capital of Eminence after the Placing and the Proposed Alterations.

As set out in the Letter from the Eminence Board, the shareholding of the public Eminence Shareholders will be diluted from the current level of approximately 73.41% to approximately 25.44% upon the exercise of the 2023 Convertible Note the maximum extent possible whilst maintaining the public float required by the Listing Rules after the Placing and the Proposed Alterations. However, such dilution effect is for illustration purpose only as, subject to the terms and conditions of the 2023 Convertible Note, the holder of the 2023 Convertible Note shall not exercise any Conversion Rights to such extent that results or will result in less than 25% or the minimum prescribed percentage of the Eminence Shares as set out in the Listing Rules would be held by the public immediately after the relevant exercise of the Conversion Rights.

LETTER FROM THE EMINENCE INDEPENDENT FINANCIAL ADVISER

Assuming the Placing is completed in full and upon partial conversion of the 2023 Convertible Note at the Revised Conversion Price up to the public float limit required by the Listing Rules, a total of 883,333,333 Conversion Shares would be issued, representing approximately 72.31% of the issued share capital of Eminence enlarged by that issue and the holding of the Eminence Shares by members of the Easyknit Group will exceed 30% of the issued share capital of Eminence as enlarged by the allotment and issue of the Conversion Shares at the Revised Conversion Price. In the event that as a result of a conversion Goodco becomes obliged to make a general offer to the Eminence Shareholders in compliance with Rule 26 of the Takeovers Code it will do so.

Having considered (i) the reasons for and benefits for the entering into of the Deed of Amendment as discussed in the section above; (ii) the fairness and reasonableness of the Proposed Alterations as discussed in the section above; (iii) the generally positive financial effects of the entering into of the Proposed Alterations as discussed in the section above; and (iv) if Goodco conducts early redemption, Eminence has the right to decide whether to conduct such early redemption after considering the financial position at the relevant moment, the possible financial effects shall be assessed by Eminence whether it is in the interests of Eminence and the Eminence Shareholders, we are of the view that the aforementioned dilution effect on the shareholding of the existing public Eminence Shareholders is acceptable.

RECOMMENDATION

Having taken into account the above-mentioned principal factors and reasons, we are of the view that the terms of the Deed of Amendment are not in the ordinary and usual course of business of the Eminence Group, but are on normal commercial terms and fair and reasonable so far as the Eminence Independent Shareholders are concerned, and are in the interests of Eminence and the Eminence Shareholders as a whole. Accordingly, we recommend the Eminence Independent Shareholders, as well as the Eminence Independent Board Committee to advise the Eminence Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the Eminence SGM to approve the Deed of Amendment and transactions contemplated thereunder including the issue of the Further Conversion Shares.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has over 26 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This 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 circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of the Eminence Directors and chief executive of Eminence

As at the Latest Practicable Date, none of the Eminence Directors or chief executive of Eminence (the “**Chief Executive**”) had any interests or short positions in the Eminence Shares, underlying Eminence Shares and debentures of Eminence or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), which were required (i) to be notified to Eminence and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Eminence Directors or the Chief Executive were taken or deemed to have taken or deemed to have taken under such provisions of the SFO), or (ii) to be entered in the register kept by Eminence under Section 352 of the SFO, or (iii) to be notified to Eminence and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(b) Interests of substantial Eminence Shareholders

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

Name of substantial Eminence Shareholder	Notes	Capacity	Number of Eminence Shares held	Number of underlying Eminence Shares	Total	Approximate percentage of the total issued Eminence Shares
Ace Winner	(i) and (iii)	Beneficial owner	12,113,454*	–	12,113,454*	11.74%
Goodco	(i), (iii) and (iv)	Beneficial owner	14,055,799	56,486,486	70,542,285	68.38%

APPENDIX
GENERAL INFORMATION

Name of substantial Eminence Shareholder	Notes	Capacity	Number of Eminence Shares held	Number of underlying Eminence Shares	Approximate percentage of the total issued Eminence Shares	
					Total	Shares
Easyknit Properties Holdings Limited	(i), (iii) and (iv)	Interest of controlled corporation	14,055,799	56,486,486	70,542,285	68.38%
Easyknit	(i), (iii) and (iv)	Interest of controlled corporation	26,753,937	56,486,486	83,240,423	80.70%
		Beneficial owner	<u>675,000</u>	<u>–</u>	<u>675,000</u>	<u>0.65%</u>
			27,428,937	56,486,486	83,915,423	81.35%
Magical Profits Limited	(ii), (iii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Accumulate More Profits Limited	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
The Winterbotham Trust Company Limited	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Winterbotham Holdings Limited	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Christopher Geoffrey Douglas Hooper	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Markson International Holding Limited	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Ivan Geoffrey Douglas Hooper	(ii) and (iv)	Interest of controlled corporation	27,428,937	56,486,486	83,915,423	81.35%
Cheng Tun Nei ("Mr. Cheng")	(v)	Interest of controlled corporation	5,000,000	–	5,000,000	4.84%
		Beneficial owner	<u>5,000,000</u>	<u>–</u>	<u>5,000,000</u>	<u>4.84%</u>
			10,000,000	–	1,000,000	9.69%

Notes:

- (i) In the 26,753,937 Eminence Shares, 12,113,454* Eminence Shares, 584,684 Eminence Shares and 14,055,799 Eminence Shares were registered in the name of and beneficially owned by Ace Winner, Landmark Profits and Goodco (which was wholly-owned by Easyknit Properties Holdings Limited) respectively, all of which were wholly-owned subsidiaries of Easyknit. 675,000 Eminence Shares were also beneficially owned by Easyknit.
 - (ii) According to Form 2 filed on 12 April 2023 by Magical Profits Limited, on 4 April 2023, Magical Profits Limited, which was interested in approximately 41.25% of the issued share capital of Easyknit (including 1,343,000 Easyknit Shares held by the Eminence Group), was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust. The Winterbotham Trust Company Limited was owned as to 60% by Winterbotham Holdings Limited, which in turn was owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper, and 40% by Markson International Holding Limited, which in turn was owned as to approximately 99.99% by Mr. Ivan Geoffrey Douglas Hooper, respectively. As at the Latest Practicable Date, to the best knowledge, information and belief of the Eminence Directors and having made reasonable enquiries, Magical Profits Limited, which was interested in approximately 41.77% of the issued share capital of Easyknit (including 1,726,000 Easyknit Shares held by the Eminence Group, representing approximately 2.33% of the issued share capital of Easyknit).
 - (iii) Ms. Lui Yuk Chu, an Eminence Director, was also a director of Ace Winner, Goodco, Easyknit Properties Holdings Limited, Easyknit and Magical Profits Limited and a substantial Easyknit Shareholder.
 - (iv) On 20 February 2023, upon completion of the sale and purchase agreements, the 5% per annum coupon rate 5-year convertible note (the “**2023 CN**”) in a principal amount of HK\$209,000,000 at an initial conversion price of HK\$0.106 per conversion share was issued by Eminence (as issuer) to Goodco (as noteholder). A total of 1,971,698,113 conversion shares will be allotted and issued upon full conversion of the 2023 CN. According to Form 2 filed on 21 July 2023 by Easyknit, upon effective of the capital reorganisation on 19 July 2023 (the “**Capital Reorganisation**”), number of issued Eminence Shares has reduced from 2,125,924,676 to 53,148,116 Eminence Shares; and conversion price of the 2023 CN to Goodco has been adjusted from HK\$0.106 to HK\$4.24 per conversion Eminence Share and number of conversion Eminence Shares has been adjusted from 1,971,698,113 to 49,292,452 conversion Eminence Shares, Easyknit’s shareholding interest remains unchanged at 144.35%. According to Form 2 filed on 7 August 2023 by Easyknit, upon completion of 50,000,000 placing Eminence Shares on 3 August 2023, total number of issued Eminence Shares has increased from 53,148,116 to 103,148,116 Eminence Shares; and conversion price of the 2023 CN to Goodco has been adjusted from HK\$4.24 to HK\$3.70 per conversion Eminence Share and number of conversion Eminence Shares has been adjusted from 49,292,452 to 56,486,486 conversion Eminence Shares, Easyknit’s shareholding interest has reduced from 144.35% to 81.35%.
 - (v) According to Form 1 filed on 20 October 2023 by Mr. Cheng, on 18 October 2023, in the 10,000,000 Eminence Shares, 5,000,000 Eminence Shares were beneficially owned by Mr. Cheng, and 5,000,000 Eminence Shares were held by JFT Holdings Limited, an indirect wholly-owned subsidiary of Symphony Holdings Limited (Stock Code: 1223), which was owned as to 36.96% by Goldsilk Capital Limited (which in turn is wholly-owned by Mr. Cheng) and 5.62% by Mr. Cheng respectively.
- * According to Form 2 filed on 2 July 2021 by Ace Winner, on 25 June 2021, 300,000,000 Eminence Shares were pledged to Hang Seng Bank Limited. Upon completion of the Capital Reorganisation, the number of pledged Eminence Shares has reduced from 300,000,000 to 7,500,000 Eminence Shares, representing approximately 7.27% equity interest of total issued Eminence Shares as at the Latest Practicable Date.

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

Save as disclosed above, as at the Latest Practicable Date, Eminence had not been notified by any persons (other than the Eminence Directors or the Chief Executive) who had interests in the Eminence Shares and underlying Eminence Shares which would fall to be disclosed to Eminence 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 Eminence under Section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither Eminence nor any of its subsidiaries were engaged in any litigation or claims of material importance and, so far as the Eminence Directors were aware, there was no litigation or claim of material importance pending or threatened by or against the Eminence Group.

4. EMINENCE DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Eminence Directors had any existing and proposed service contract with any member of the Eminence Group other than contracts expiring or determinable by the relevant member of the Eminence Group within one (1) year without payment of compensation (other than statutory compensation).

5. EMINENCE DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

6. EMINENCE DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Eminence Directors was interested in any contract of arrangement entered into by any member of the Eminence Group which was subsisting at the Latest Practicable Date and which was significant in relation to the business of the Eminence Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Eminence Directors had any direct or indirect interest in any assets which had been acquired, disposed of or leased to or which were proposed to be acquired, disposed of by, or leased to any member of the Eminence Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Eminence Group were made up.

7. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Eminence Group) had been entered into by the Eminence Group within the two (2) years immediately preceding and including the Latest Practicable Date:

- (a) the deed of settlement dated 4 March 2022 entered into between Shui Kam Enterprises Limited and City China International Limited (“**City China**”) (an indirect wholly-owned 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 Holdings Limited (“**Easyknit Properties**”) (as seller), a wholly-owned subsidiary of Easyknit, and Eminence (as purchaser) for the sale and purchase of the entire issued share capital and the assignment of loan of On Channel International Limited at the aggregate purchase price of HK\$44,000,000;
- (g) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller), a wholly-owned subsidiary of Easyknit, and Eminence (as purchaser) for the sale and purchase of the entire issued share capital and the assignment of loan of Day Glory Investment Limited at the aggregate purchase price of HK\$24,800,000;
- (h) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller), a wholly-owned subsidiary of Easyknit, and Eminence (as purchaser) for the sale and purchase of the entire issued share capital and the assignment of loan of Well Honest Investment Limited at the aggregate purchase price of HK\$24,200,000;
- (i) the conditional sale and purchase agreement dated 30 November 2022 between Easyknit Properties (as seller), a wholly-owned subsidiary of Easyknit, and Eminence (as purchaser) for the sale and purchase of the entire issued share capital and the assignment of loan of Asia Million Investment Limited at the aggregate 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**”) in relation to the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by City China (an indirect wholly-owned subsidiary of Eminence and an indirect non wholly-owned subsidiary of Easyknit) (as lender) to Main Profit Investment Limited (“**Main Profit**”) (an indirect wholly-owned subsidiary of Easyknit) (as borrower) pursuant to the terms and conditions of the Revolving Loan Agreement;

- (m) the deed of guarantee dated 29 August 2023 executed by Easyknit in favour of City China (an indirect wholly-owned subsidiary of Eminence and an indirect non wholly-owned subsidiary of Easyknit) guaranteeing the obligations of Main Profit (an indirect wholly-owned subsidiary of Easyknit) under the Revolving Loan Agreement;
- (n) the conditional placing agreement dated 23 January 2024 entered into between Kingston (as placing agent) and Eminence (as issuer) in relation to the placing, on a best effort basis, of up to 235,000,000 new Eminence Shares at the placing price of HK\$0.18 per placing Eminence Share under specific mandate for net proceeds of approximately HK\$42,300,000; and
- (o) the Deed of Amendment.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this circular or has given opinion or advice contained in this circular:

Name	Qualification
Red Sun Capital Limited	Eminence Independent Financial Adviser

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 Eminence Group were made up), acquired or disposed of by or leased to any member of the Eminence Group, or were proposed to be acquired or disposed of by or leased to any member of the Eminence Group; and
- (b) any shareholding in any member of the Eminence 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 Eminence Group.

The above expert has given and has not withdrawn its respective written consent to the issue of this circular with the inclusion of its letter and the references to its name in the forms and context in which it appears.

9. GENERAL

- (a) The company secretary of Eminence is Mr. Lee Po Wing, a practising solicitor since 1994.
- (b) The registered office of Eminence is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal place of business of Eminence 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 Eminence is Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The English text of this circular and the enclosed form of proxy shall prevail over the Chinese text where there is any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of Eminence (<http://www.eminence-enterprise.com>) and the Stock Exchange (www.hkexnews.hk) for a period of fourteen (14) days from the date of this circular:

- (a) the Placing Agreement;
- (b) the Deed of Amendment;
- (c) the letter from the Eminence Independent Board Committee as set out on pages 33 to 34 of this circular;
- (d) the letter from Red Sun Capital Limited, the Eminence Independent Financial Adviser as set out on pages 35 to 53 of this circular; and
- (e) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix.

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 Wednesday, 27 March 2024 at 9:30 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) the deed of amendment (the “**Deed of Amendment**”) dated 23 January 2024 (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 and Goodco Development Limited (“**Goodco**”) in relation to the proposed alterations of certain terms of the convertible note held by Goodco (the “**2023 Convertible Note**”), including (i) the change of the current conversion price from HK\$3.70 per conversion share to the revised conversion price of HK\$0.18 per conversion share (subject to adjustments) (the “**Revised Conversion Price**”); and (ii) the alteration of 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 be and is hereby approved and ratified;
- (b) the directors of Eminence (the “**Directors**”) be and are hereby authorized, as a specific mandate, to allot, issue and deal with a total of 1,161,111,111 conversion shares in Eminence (subject to adjustments) which may be issued by Eminence upon exercise of the conversion rights attaching to the 2023 Convertible Note in full based on the Revised Conversion Price, subject to the restriction on conversion under the terms and conditions of the 2023 Convertible Note; and

NOTICE OF THE EMINENCE SGM

- (c) the Directors be and are hereby authorized for and on behalf of Eminence and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with executing, implementing, completing and giving effect to the Deed of Amendment and the 2023 Convertible Note.”

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

Hong Kong, 6 March 2024

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 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 notarially 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.

NOTICE OF THE EMINENCE SGM

6. For determining the entitlement to attend and vote at the Eminence SGM, the Register of Members will be closed from Friday, 22 March 2024 to Wednesday, 27 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 Thursday, 21 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.