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**EASYKNIT INTERNATIONAL
HOLDINGS LIMITED**

永義國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1218)



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

JOINT ANNOUNCEMENT

VERY SUBSTANTIAL DISPOSAL

DEEMED DISPOSAL

**PLACING OF NEW SHARES
UNDER SPECIFIC MANDATE**

Placing Agent



金利豐證券
KINGSTON SECURITIES

THE PLACING

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

Assuming that there will be no other change in the issued share capital of Eminence between the date of this joint announcement 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 date of this joint announcement; 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.

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 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; and (iii) a discount of approximately 10.58% to the average closing price of 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.

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.

LISTING RULES IMPLICATIONS

Easyknit

As at the date of this joint announcement, Easyknit holds 27,428,937 Eminence Shares, representing approximately 26.59% of the total issued share capital of Eminence. Eminence's financial results and financial positions are currently consolidated in the consolidated financial statements of the Easyknit Group.

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

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

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

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

Eminence

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Eminence Shareholders at the Eminence SGM. The Eminence SGM will be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. To the best of the Eminence Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this joint announcement, as no Eminence Shareholder has a material interest in the Placing Agreement and transactions contemplated thereunder and therefore, no Eminence Shareholder will be required to abstain from voting at the Eminence SGM to approve the ordinary resolution(s) regarding the Placing and the Specific Mandate.

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

GENERAL

A joint circular containing, among other things, details of the Placing Agreement, financial information of the Easyknit Group, a notice convening the Easyknit SGM, a notice convening the Eminence SGM, related form of proxy and other information as required under the Listing Rules is expected to be despatched to the Easyknit Shareholders and the Eminence Shareholders on or before Friday, 23 February 2024. That date is more than fifteen (15) Business Days after the publication of this joint announcement and the delay in despatch is expected because of the time required to collate relevant information to be included in the joint circular and the forthcoming holiday season.

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

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

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

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

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

THE PLACING AGREEMENT

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

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

Date

23 January 2024 (after trading hours)

Parties

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

Placing Agent

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

To the best of the Eminence Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this joint announcement, Mrs. Chu Yuet Wah, the ultimate beneficial owner of the Placing Agent, holds 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.

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 date of this joint announcement, 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 date of this joint announcement 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 date of this joint announcement; and (ii) approximately 69.50% of the issued share capital of Eminence as enlarged by the allotment and issue of the Placing Shares (assuming the Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$2,350,000.

Ranking of the Placing Shares

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

Placing Price

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

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

The Placing Price was determined after arm's length negotiation between Eminence and the Placing Agent with reference to the prevailing market prices and the recent trading performance of the Eminence Shares. In determining the Placing Price, the Eminence Directors have reviewed the closing prices of the Eminence Shares during the period from 3 October 2023 and up to and including 23 January 2024, being the date of the Placing Agreement (the "**Review Period**"), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the Eminence Shares. The closing prices of the Eminence Shares fluctuated within the range from HK\$0.1880 per Eminence Share to HK\$0.4800 per Eminence Share. The average closing price of the Eminence Shares was approximately HK\$0.2742 during the Review Period. The Placing Price of HK\$0.18 per Placing Share represents a discount of approximately 34.35% to the average closing price of the Eminence Shares during the Review Period. The Eminence Directors consider that the Review Period could reflect the most recent trend of the prevailing market price of the Eminence Shares.

The Eminence Directors have also reviewed the trading liquidity of the Eminence Shares during the seven (7)-month period from July 2023 to January 2024 (up to 23 January 2024, being the date of this joint announcement) (the “**Period**”). The average daily trading volume during the Period ranged from approximately 149,438 Eminence Shares to approximately 999,129 Eminence Shares, representing approximately 0.14% to approximately 0.97% of the total number of issued Eminence Shares as at the date of this joint announcement respectively. The Eminence Directors noted that the average daily trading volume during the Period of less than 1% of the total number of issued Eminence Shares was thin.

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

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

Subject to the Completion, assuming the Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$42,300,000 and HK\$41,700,000 respectively, representing a net issue price of approximately HK\$0.177 per Placing Share. Eminence intends to use the net proceeds of approximately HK\$41,700,000, of which 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 for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) the duly passing of ordinary resolution(s) at the Eminence SGM by the Eminence Shareholders regarding the approval of the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (d) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms under the Placing Agreement, including provisions regarding force majeure event.

Save for the conditions (a) and (b) above, if the above conditions precedent are not satisfied and/or waived in whole or in part by the Placing Agent on or before the Long Stop Date, the Placing 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. To the best of the Eminence Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this joint announcement, no Eminence Shareholder has a material interest in the Placing and transactions contemplated thereunder including the grant of the Specific Mandate and therefore, no Eminence Shareholder will be required to abstain from voting on the ordinary resolution(s) to approve the Placing Agreement and the Specific Mandate at the Eminence SGM.

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

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

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

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

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

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

Completion

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

Application for Listing

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

Specific Mandate

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

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

Eminence

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

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

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

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

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

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

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

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

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

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

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

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

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

As at 31 December 2023, the Eminence Group had cash balance of approximately HK\$361,473,000, of which approximately HK\$202,900,000 was considered unavailable amount retained in the PRC, leaving available amount to be approximately HK\$158,573,000. Apart from the partial repayment for refinancing the HK\$500,000,000 construction loan as mentioned above, Eminence has to set aside funds to prepare for repayment required, if any, to refinance the HK\$300,000,000 construction loan which will be soon due after completion of the project. Besides, sufficient funds should be retained to support the recurring operations of the Eminence Group and finance cost of the development projects.

As regard asset realization, the Eminence Group considers that such a step may have to go through a lengthy process, the timing of which may not match with that required for the loan repayment to banks. Besides, the disposal of the assets may not be favourable and justified given the current market conditions.

Further, the outstanding Revolving Loan balance drawn by the Easyknit Group amounts to HK\$10,000,000 only and the amount could only be demanded to be repaid at the maturity of any interest period which is currently three (3) months from drawdown date. Moreover, the amount is not sufficient to meet the proposed repayment amount required by the bank.

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

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

Subject to the Completion, assuming the Placing is completed in full, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$42,300,000 and HK\$41,700,000 respectively, representing a net issue price of approximately HK\$0.177 per Placing Share. Eminence intends to use the net proceeds of approximately HK\$41,700,000, of which 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 Eminence Board is of the view that the Placing will strengthen the financial position of Eminence and provide funding to Eminence to meet any future investment opportunities and repay the outstanding bank loan(s) and lower the gearing ratio of the Eminence Group. The Placing also represents a good opportunity to broaden the Eminence Shareholders' base and the capital base of Eminence.

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

Easyknit

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

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

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

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

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

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

The net profit of the Eminence Group for the previous two financial years ended 31 March are as follows:

	31 March 2023	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit (before tax)	65,972	123,497
Net profit (after tax)	63,572	116,447

The loss due to the Deemed Disposal of Eminence by Easyknit as result of the Placing by Eminence is initially estimated to be around HK\$590,000,000, calculated based on the attributable interest of Easyknit in the net assets of Eminence before and after the Placing. This is only an estimated loss on the Deemed Disposal for Easyknit and will be further subject to the review by external reporting accountants.

Immediately upon the Completion (assuming the Placing is completed in full), Eminence's financial results and financial positions will no longer be consolidated in the consolidated financial statements of the Easyknit Group. Easyknit will however still benefit from the Placing through its attributable interest in the net proceeds from the Placing and its ancillary effect including but not limited to the improvement of working capital for Eminence. In particular, the funds raised from the Placing used for repayment of bank loan(s) will increase the net asset value of Eminence itself, Eminence would use such funds to repay its own outstanding bank loan(s) and thereby reducing its gearing ratio. As a result, even if Eminence is deconsolidated from Easyknit, Easyknit will still benefit from Eminence's increase in net asset value, reduced outstanding loan balance and gearing ratio.

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

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

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

EFFECTS ON THE SHAREHOLDING STRUCTURE OF EMINENCE

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

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

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

ADJUSTMENT IN RELATION TO THE OTHER SECURITIES OF EMINENCE

As at the date of this joint announcement, Eminence has outstanding 2023 Convertible Note which is convertible into 56,486,486 Eminence Shares at an adjusted current conversion price of HK\$3.70 per conversion Eminence Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Under the relevant terms and conditions of the 2023 Convertible Note, the Placing may lead to adjustment to the conversion price and the number of the Eminence Shares falling to be issued upon conversion of the 2023 Convertible Note. Eminence will make further announcement on such adjustment as and when appropriate.

Save for the aforesaid, as at the date of this joint announcement, Eminence has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Eminence Shares.

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

The following table sets out the equity fund raising activity of Eminence in the past twelve (12) months immediately before the date of this joint announcement:

Date	Equity fund raising activity	Net proceeds raised	Proposed use of net proceeds	Actual use of net proceeds
29 May 2023 (announcement) and 23 June 2023 (circular)	Placing of new shares under specific mandate	Approximately HK\$24,660,000	For repayment of the Eminence Group's bank loan	All proceeds were fully utilized as intended

Save as disclosed above, Eminence has not conducted any other equity fund raising activity in the past twelve (12) months immediately before the date of this joint announcement.

LISTING RULES IMPLICATIONS

Easyknit

As at the date of this joint announcement, Easyknit holds 27,428,937 Eminence Shares, representing approximately 26.59% of the total issued share capital of Eminence. Eminence's financial results and financial positions are currently consolidated in the consolidated financial statements of the Easyknit Group.

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

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

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

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

Eminence

The Placing Shares will be allotted and issued under the Specific Mandate which are subject to the approval of the Eminence Shareholders at the Eminence SGM. The Eminence SGM will be convened and held for the Eminence Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Placing Shares. To the best of the Eminence Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this joint announcement, as no Eminence Shareholder has a material interest in the Placing Agreement and transactions contemplated thereunder and therefore, no Eminence Shareholder will be required to abstain from voting at the Eminence SGM to approve the ordinary resolution(s) regarding the Placing and the Specific Mandate.

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

GENERAL

A joint circular containing, among other things, details of the Placing Agreement, financial information of the Easyknit Group, a notice convening the Easyknit SGM, a notice convening the Eminence SGM, related form of proxy and other information as required under the Listing Rules is expected to be despatched to the Easyknit Shareholders and the Eminence Shareholders on or before Friday, 23 February 2024. That date is more than fifteen (15) Business Days after the publication of this joint announcement and the delay in despatch is expected because of the time required to collate relevant information to be included in the joint circular and the forthcoming holiday season.

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

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

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

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

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

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

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following words and expressions have the following meanings:

“2023 Convertible Note”	the five (5)% per annum coupon rate convertible note issued on 20 February 2023 to Goodco by Eminence in the principal amount of HK\$209,000,000 conferring rights to convert at any time before the fifth (5th) anniversary of the issue thereof the principal amount into Eminence Shares on the basis of a conversion price that subsequent to the Reorganisation and Placing is at present HK\$3.70 per conversion share (subject to adjustments) details of which were set out in the joint circular of Easyknit and Eminence dated 21 January 2023
“Ace Winner”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of Easyknit, and a substantial Eminence Shareholder
“associates”	has the meaning ascribed thereto under the Listing Rules
“Business Day(s)”	a day (other than a Saturday, Sunday and public holidays or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	within four (4) Business Days after the fulfillment of conditions set out in the Placing Agreement (or such other date as Eminence and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Deemed Disposal”	deemed disposal of the shareholding interest of Easyknit in Eminence as a result of the dilution of shareholding interest of Easyknit in Eminence by the allotment and issue of the Placing Shares upon the Completion
“Easyknit”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218), and a substantial Eminence Shareholder
“Easyknit Board”	the board of the Easyknit Directors

“Easyknit Director(s)”	the director(s) of Easyknit
“Easyknit Group”	Easyknit and its subsidiaries
“Easyknit SGM”	the special general meeting of Easyknit to be convened and held for the purpose of considering and, if thought fit, approving, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Easyknit Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of Easyknit
“Easyknit Shareholder(s)”	holder(s) of the Easyknit Share(s)
“Eminence”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616)
“Eminence Board”	the board of the Eminence Directors
“Eminence Circular”	the circular of Eminence dated 18 October 2023 in relation to the Revolving Loan
“Eminence Director(s)”	the directors of Eminence
“Eminence Group”	Eminence and its subsidiaries
“Eminence SGM”	the special general meeting of Eminence to be convened and held for the purpose of considering and, if thought fit, approving, the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Eminence 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)
“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 People’s Republic of China

“Independent Third Party(ies)”	third party(ies) independent of and not connected with Easyknit and Eminence and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of Easyknit and Eminence or any of their respective associates (as defined in the Listing Rules)
“Last Trading Day”	Tuesday, 23 January 2024, being the date of the Placing Agreement
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the thirtieth (30th) day after the date of the Eminence SGM or such later date to be agreed between Eminence and the Placing Agent in writing, being the date on which all the conditions precedent of the Placing Agreement have been satisfied or waived
“Main Board”	the main board maintained and operated by the Stock Exchange
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of Eminence (and the Eminence Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any person(s), other Placee(s) or the Eminence Shareholder(s) to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, the placing agent and a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 23 January 2024 entered into between Eminence and the Placing Agent in relation to the Placing under the Specific Mandate

“Placing Price”	HK\$0.18 per Placing Share
“Placing Share(s)”	a maximum of up to 235,000,000 Eminence Shares to be placed pursuant to the Placing Agreement
“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
“Revolving Loan”	the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by the Eminence Group to the Easyknit Group pursuant to the Revolving Loan Agreement
“Revolving Loan Agreement”	the conditional revolving loan agreement dated 29 August 2023 in relation to the Revolving Loan
“Reorganisation and Placing”	the capital reorganisation of, and placing of new shares under specific mandate by, Eminence announced on 29 May 2023
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Specific Mandate”	the specific mandate to be granted by the Eminence Shareholders to the Eminence Board at the Eminence SGM for the allotment and issue of a maximum of up to 235,000,000 Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Easyknit Board
**EASYKNIT INTERNATIONAL
HOLDINGS LIMITED**
Koon Ho Yan Candy
President and Chief Executive Officer

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

Hong Kong, 23 January 2024

As at the date hereof, the Easyknit Board comprises Ms. Koon Ho Yan Candy and Ms. Lui Yuk Chu as executive Easyknit Directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles as independent non-executive Easyknit Directors.

As at the date hereof, 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 the case of any inconsistency, the English version of this joint announcement shall prevail over the Chinese version.