

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

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Eminence Enterprise Limited and/or Easyknit International Holdings Limited.*

## JOINT ANNOUNCEMENT



**EMINENCE ENTERPRISE LIMITED**

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**



**EASYKNIT INTERNATIONAL**

**HOLDINGS LIMITED**

永義國際集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1218)**

**(1) PROPOSED SHARE CONSOLIDATION;  
(2) PROPOSED RIGHTS ISSUE  
ON THE BASIS OF  
FOUR RIGHTS SHARES  
FOR EVERY ONE CONSOLIDATED SHARE  
HELD; AND  
(3) RESUMPTION OF TRADING**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO THE  
FULL ACCEPTANCE OF  
ALLOTMENT UNDER THE  
PROPOSED RIGHTS ISSUE OF  
EMINENCE ENTERPRISE LIMITED  
AND  
RESUMPTION OF TRADING**

**Underwriter to the Rights Issue**



**結好證券有限公司**

GET NICE SECURITIES LIMITED

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



**紅日資本有限公司**

RED SUN CAPITAL LIMITED

*\* For identification purposes only*

## **PROPOSED SHARE CONSOLIDATION**

The EE Board proposes to put forward to the EE Shareholders a proposal to effect the Share Consolidation on the basis that every twenty (20) issued and unissued EE Shares of HK\$0.01 each will be consolidated into one (1) issued Consolidated Share of HK\$0.20. The Share Consolidation is conditional upon, among other things, the approval of the EE Shareholders at the SGM of Eminence. As none of the EE Shareholders or their associates will have any interests in the Share Consolidation different to those of others, no EE Shareholder will be required to abstain from voting in favour of the special resolution relating to the Share Consolidation at the SGM. The board lot size for trading in the Shares is 5,000 Shares at present. After the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will be 5,000 Consolidated Shares.

## **PROPOSED RIGHTS ISSUE**

Subject to the Share Consolidation having become effective and the approval by the Independent EE Shareholders at the SGM, Eminence proposes to raise approximately HK\$359.9 million (assuming that only 745,166,408 Rights Shares are issued at the Subscription Price), before expenses, by way of the Rights Issue of not less than 745,166,408 Rights Shares and not more than 879,833,072 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.483 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance. The Rights Issue will not be available to Non-Qualifying Shareholders. The estimated net proceeds from the Rights Issue will be approximately HK\$353.9 million (assuming that only 745,166,408 Rights Shares are issued at the Subscription Price), of which approximately HK\$300.8 million are intended to be used for the Kennedy Town Properties and the remaining balance of approximately HK\$53.1 million for general working capital of the EE Group.

As at the date of this announcement, Easyknit, through Landmark Profits and Goodco, owns 739,330,692 EE Shares, representing approximately 19.84% of the total issued share capital of Eminence. Goodco has irrevocably undertaken to Eminence that it will not exercise any conversion rights under, or transfer, the Goodco Convertible Notes before close of business on the Record Date. Each of Landmark Profits and Goodco has irrevocably undertaken to Eminence and the Underwriter that EE Shares beneficially owned by it will not be disposed of or transferred before close of business on the Record Date, and that it will take up all the Rights Shares to be allotted in respect of the Consolidated Shares it will own, representing a total of 147,866,132 Rights Shares. Landmark Profits and Goodco will not apply for any excess Rights Shares.

The Rights Issue will be underwritten by the Underwriter, conditional upon, inter alia: (i) the Share Consolidation becoming effective; and (ii) approval having been obtained at the SGM of Eminence from the Independent EE Shareholders for the Rights Issue and transactions contemplated thereunder. Further details of the underwriting arrangement are set out in the paragraph headed "Underwriting Agreement for the Rights Issue" in this announcement. If the conditions are not fulfilled (or waived, where applicable) or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

## **WARNING OF THE RISK OF DEALING IN EE SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

**The Consolidated Shares are expected to be dealt in on an ex-rights basis from 9:00 a.m. on Thursday, 9 January 2020. Dealings in the Rights Shares in nil-paid form will take place from 9:00 a.m. on Monday, 20 January 2020 to 4:00 p.m. on Wednesday, 29 January 2020 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.**

**Any EE Shareholders or other persons dealing in EE Shares and the Consolidated Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 9:00 a.m. on Monday, 20 January 2020 to 4:00 p.m. on Wednesday, 29 January 2020 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.**

### **LISTING RULES IMPLICATIONS**

#### *For Eminence*

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

#### *For Easyknit*

The total consideration for the subscription in full for the entitle provisional allotment of Landmark Profits and Goodco under the Rights Issue is approximately HK\$71.4 million (assuming no conversion rights attached to the Convertible Notes held by Goodco are exercised before the Record Date) which constitutes a discloseable transaction of Easyknit as one of applicable percentage ratios (as defined under the Listing Rules) exceeds 5% but all are less than 25% and Easyknit is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Goodco has undertaken it will not exercise any conversion rights under, or transfer the Goodco Convertible Notes before close of business on the Record Date.

## **DESPATCH OF EE CIRCULAR**

The EE Circular containing, among other things, further details of (i) the Share Consolidation, the Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent EE Board Committee in respect of the Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent EE Board Committee and the Independent EE Shareholders on the Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the EE Shareholders on or before Thursday, 12 December 2019.

## **TRADING HALTS AND RESUMPTION OF TRADING**

At the request of Eminence, trading in EE Shares on the Stock Exchange was halted at 10:24 a.m. on Monday, 4 November 2019 pending the release of this announcement. Application has been made by Eminence to the Stock Exchange for resumption of trading in EE Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 7 November 2019.

At the request of Easyknit, trading in Easyknit Shares on the Stock Exchange was halted at 10:24 a.m. on Monday, 4 November 2019 pending the release of this announcement. Application has been made by Easyknit to the Stock Exchange for resumption of trading in Easyknit Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 7 November 2019.

## **PROPOSED SHARE CONSOLIDATION**

The EE Board proposes to put forward to the EE Shareholders a proposal to effect the Share Consolidation in which every twenty (20) issued and unissued EE Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.20 of Eminence. Fractions of Consolidated Shares arising from the Share Consolidation will be sold by a person appointed by the EE Board for that purpose and any net proceeds will be paid to Eminence for Eminence's benefit.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon, inter alia, the following conditions:

- (i) the passing of the special resolution by the EE Shareholders at the SGM of Eminence to approve the Share Consolidation; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

### **Expected effective date of the Share Consolidation**

Subject to the above conditions being fulfilled, the Share Consolidation is expected to become effective on Wednesday, 8 January 2020.

## Effects of the Share Consolidation

### *Convertible Notes*

At the date of this announcement, Madian Star holds the Madian Star Convertible Note details of which are set out in the definition of “Madian Star Convertible Note” and Goodco holds the Goodco Convertible Notes, details of which are set out in the definition of “Goodco Convertible Notes”.

At the date of this announcement, other than the Convertible Notes, Eminence does not have any outstanding share options granted under any of its share option scheme, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares. Based on Eminence’s existing authorized share capital of HK\$200,000,000, represented by 20,000,000,000 EE Shares and the existing issued share capital of HK\$37,258,320.59, represented by 3,725,832,059 EE Shares, upon completion of the Share Consolidation, the authorized share capital of Eminence will remain at HK\$200,000,000, represented by 1,000,000,000 Consolidated Shares, and the nominal amount of the issued Consolidated Shares will be HK\$1,862,916.02 represented by 186,291,602 Consolidated Shares.

Any fraction of Consolidated Shares arising from the Share Consolidation will be aggregated and sold (if a premium, net of expenses, can be obtained) for the benefit of Eminence. The Consolidated Shares will rank *pari passu* in all respects with each other.

The effect of the Share Consolidation is summarized below:

	<b>Prior to the Share Consolidation</b>	<b>Immediately following the Share Consolidation becoming effective (Note)</b>
Par value of each EE Share/ Consolidated Share in issue	HK\$0.01	HK\$0.20
Number of authorized EE Shares/ Consolidated Shares	20,000,000,000	1,000,000,000
Authorized share capital	HK\$200,000,000	HK\$200,000,000
Number of EE Shares/ Consolidated Shares in issue	3,725,832,059	186,291,602
Issued and fully paid-up share capital of Eminence	HK\$37,258,320.59	HK\$37,258,320.40

*Note: The issued share capital of Eminence immediately after the Share Consolidation becoming effective is presented on the assumption that no further EE Shares are issued or repurchased between the date of this announcement and the date of the Share Consolidation having become effective. Any fraction arising from the Share Consolidation is not shown in the table.*

## **Financial effects of the Share Consolidation**

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no material effect on the consolidated net asset value of the EE Group, nor will it alter the underlying assets, business, operations, management or financial position of Eminence or the interest of the EE Shareholders as a whole. The EE Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the EE Group.

## **Reasons for the Share Consolidation**

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 30 August 2019, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. In addition, under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. As at the date of this announcement, based on the closing price per EE Share of HK\$0.032, and the board lot size of 5,000 EE Shares, the EE Shares is currently trading under HK\$2,000 per board lot. The Share Consolidation will reduce the number of board lots in the market and increase the nominal value of EE Shares. EE Shares are presently traded in board lots of 5,000. It is proposed that the Consolidated Shares will also be traded in board lots of 5,000. The market price of EE Shares will increase by twenty (20) times theoretically upon the Share Consolidation becoming effective. Based on the closing price quoted on the Stock Exchange immediately prior to the date of this announcement of HK\$0.032 per EE Share, the value per board lot of 5,000 EE Shares and 250 Consolidated Shares will be HK\$160 and HK\$3,200 respectively. As such, the Share Consolidation should bring about a corresponding upward adjustment in the trading price of the Consolidated Shares and an increase in trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the Consolidated Shares, and thereby attract more potential investors to trade the EE Shares which shall extend the base of the EE Shareholders, and thus provide greater flexibility for equity fund raising of Eminence in the future. The EE Board therefore believes that the Share Consolidation is in the interests of Eminence and the EE Shareholders as a whole.

In addition to the Share Consolidation, the EE Board has also considered other alternatives such as an increase in board lot size. However, as the closing price of HK\$0.032 per EE Share is close to the market price extremities of HK\$0.01 as specified under Rule 13.64 of the Listing Rules, the EE Board therefore considers the Share Consolidation which should increase the trading price and ensure the Group’s compliance with Rule 13.64 a more suitable option than an increase in board lot size.

## **Application for listing of the Consolidated Shares**

An application will be made by Eminence to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation become effective. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS. The Share Consolidation will be conducted in accordance with the provisions of the Bye-Laws of Eminence.

## **Fractional entitlement to the Consolidated Shares**

**Fractional Consolidated Shares will be disregarded and will not be issued to the EE Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of Eminence.** Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of EE Shares regardless of the number of share certificates held by such holder.

EE Shareholders concerned about fractional entitlements are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling EE Shares in a number sufficient to eliminate fractional entitlements.

## **No change in board lot size**

Currently, EE Shares are traded in board lots of 5,000 EE Shares. Upon the Share Consolidation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will be 5,000 Consolidated Shares.

Based on the closing price of HK\$0.032 per EE Share (equivalent to HK\$0.64 per Consolidated Share) on the Last Trading Day, the value of each board lot of 5,000 Consolidated Shares, assuming that the Share Consolidation had already been effective, would be HK\$3,200.

## **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, Eminence will appoint a securities firm to provide matching service, on a best effort basis, to those EE Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the EE Circular.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best effort basis.

## **Free exchange of share certificates**

Subject to the Share Consolidation becoming effective, EE Shareholders may submit existing share certificates for EE Shares to the branch share registrar of Eminence in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queens Road East, Hong Kong from Wednesday, 8 January 2020 to Monday, 17 February 2020 (both dates inclusive) for exchange, at the expense of Eminence, for new certificates for the Consolidated Shares. Thereafter, share certificates for EE Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each share certificate of EE Shares cancelled or each new share certificate issued for the Consolidated Shares, whichever number of certificates cancelled/issued is higher.

## Adjustments in relation to the other securities of Eminence

### *Convertible Notes*

As at the date of this announcement, Eminence has outstanding Convertible Notes as follows:

<b>Issue date</b>	<b>Maturity date</b>	<b>Outstanding amount</b>	<b>Conversion price</b>	<b>EE Shares issuable on conversion</b>
12 June 2015	12 June 2022	HK\$40,400,000	HK\$0.06	673,333,333
11 May 2017	11 May 2022	HK\$16,000,000	HK\$0.16	100,000,000
26 September 2017	26 September 2020	HK\$11,280,000	HK\$0.06	188,000,000
28 August 2019	28 August 2024	HK\$70,000,000	HK\$0.055	1,272,727,272
<b>Total</b>	<b>-</b>	<b>HK\$137,680,000</b>	<b>-</b>	<b>2,234,060,605</b>

The Share Consolidation may lead to adjustment(s) to the conversion price and the number of EE Shares falling to be issued upon the exercise of the conversion rights attaching to the Convertible Notes in accordance with the terms and conditions of the Convertible Notes. Eminence will make further announcements on such adjustments as and when appropriate.

Save as disclosed above, Eminence does not have any derivatives, options, warrants and conversion rights or other similar rights that are convertible or exchangeable into any EE Shares or Consolidated Shares as at the date of this announcement.

## PROPOSED RIGHTS ISSUE

Subject to the Share Consolidation having become effective and the approval by the Independent EE Shareholders at the SGM, Eminence proposes to raise approximately HK\$359.9 million (assuming that only 745,166,408 Rights Shares are issued at the Subscription Price), before expenses, by way of the Right Issue of not less than 745,166,408 Rights Shares and not more than 879,833,072 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.483 per Rights Share on the basis of four (4) Rights Shares for every one (1) Consolidated Share held at the Record Date and payable in full on acceptance.

On 4 November 2019, Eminence entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue and further details of the Rights Issue are set out below:

### Issue statistics

Basis of the Rights Issue	:	four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date
Number of EE Shares in issue at the date of this announcement	:	3,725,832,059 EE Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	186,291,602 Consolidated Shares (assuming no issue of new EE Shares or no repurchase of EE Shares before the Share Consolidation becomes effective)
Number of Rights Shares	:	not less than 745,166,408 Rights Shares and not more than 879,833,072 Rights Shares, payable in full on acceptance
Aggregate nominal value of the Rights Shares	:	HK\$359,915,375 (assuming only 745,166,408 Rights Shares are issued)
Subscription Price	:	HK\$0.483 per Rights Share
Issued share capital of Eminence immediately upon completion of the Rights Issue	:	931,458,010 Consolidated Shares (assuming only 745,166,408 Rights Shares are issued)
Funds raised before expenses	:	approximately HK\$359.9 million (assuming only 745,166,408 Rights Shares are issued)
Net proceeds per Rights Share	:	approximately HK\$0.475 per Rights Share (assuming only 745,166,408 Rights Shares are issued)
Underwriter	:	Get Nice Securities Limited

With the exception of the Convertible Notes, as at the date of this announcement, Eminence does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into EE Shares.

Pursuant to the Undertakings described in the paragraph headed “Undertakings” in the section headed “Underwriting Agreement for the Rights Issue” below, each of Landmark Profits and Goodco has irrevocably undertaken to Eminence and the Underwriter that EE Shares beneficially owned by them will not be disposed of or transferred from the date of the Undertakings before close of business on the Record Date, that the Rights Shares to be allotted in respect of those Consolidated Shares will be taken up in full and that it will not apply for any excess Rights Shares and that Goodco has undertaken it will not exercise any conversion rights under, or transfer the Goodco Conversion Notes before the close of business on the Record Date. Accordingly, the estimated net proceeds from the Rights Issue will be approximately HK\$353.9 million assuming that only 745,166,408 Rights Shares are issued, of which approximately HK\$300.8 million are intended to replenish the internal cash resources previously used to pay for the balance of acquisition of the Kennedy Town Properties not being financed by bank, i.e. HK\$502.1 million Properties and the remaining balance of approximately HK\$53.1 million for general working capital of the EE Group.

### **Basis of allotment**

The basis of allotment will be four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date.

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.483 per Rights Share, payable in full when a Qualifying Shareholder accepts the allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 24.5% to the closing price of HK\$0.64 per Consolidated Share, based on the closing price of HK\$0.032 per EE Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 21.6% to the average closing price of HK\$0.616 per Consolidated Share, based on the average closing price of HK\$0.0308 per EE Share as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iii) a discount of approximately 6.1% to the theoretical ex-rights price of HK\$0.5144 per Consolidated Share after the Rights Issue, based on the closing price of HK\$0.032 per

EE Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

The Subscription Price was determined based on arm's length negotiations between Eminence and the Underwriter with reference to (i) the low trading liquidity of EE Shares for the recent twelve (12) months; (ii) the prevailing market price of EE Shares, which has been on a declining trend; (iii) the net loss of the EE Group for the year ended 31 March 2019; and (iv) the EE Directors' consideration of the future business development of the EE Group.

In view of the current uncertainties and market sentiment in the financial market in Hong Kong, Eminence has encountered difficulties to secure potential investors to invest in EE Shares or further banking supports. The discount to the recent closing price of EE Shares (adjusted for the Share Consolidation) represented by the Subscription Price was determined with a view to encouraging the Qualifying Shareholders to participate in the Rights Issue while maintaining their shareholdings in Eminence and benefiting from the future growth of Eminence and as a way to induce the Underwriter to enter into the Underwriting Agreement.

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

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

### **Fractional entitlements to the Rights Issues**

Eminence will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market, if a premium (net of expenses) can be obtained, for the benefit of Eminence. Any unsold fractions of Rights Shares will be available for excess application.

### **Qualifying Shareholders**

To qualify for the Rights Issue, investors must be registered as members of Eminence and not be Non-Qualifying Shareholders on the Record Date. Non-Qualifying Shareholders are Overseas Shareholders whose names appear on the register of members of Eminence at the close of business on the Record Date to whom the EE Board, based on legal opinions to be provided by legal advisers, considers necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place.

In order to be registered as members of Eminence at the close of business on the Record Date, beneficial owners must lodge any transfers of EE Shares (together with the relevant share certificates of Eminence) with Eminence's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 10 January 2020.

Eminence will send the Prospectus Documents to the Qualifying Shareholders only.

### **Non-Qualifying Shareholders**

Eminence will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. Eminence will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

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

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

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The EE Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Details of the basis of allocation of excess Rights Shares will be disclosed in the Prospectus.

Investors with their EE Shares held by a nominee should note that the nominee is a single EE Shareholder for the purposes of the Rights Issue. Accordingly, investors whose EE Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually.

Investors with their EE Shares held by a nominee should consider whether they would like to arrange for the registration of the relevant EE Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose EE Shares are held by nominee(s) and would like to have their names registered on the register of members of Eminence, must lodge all necessary documents with the branch share registrar of Eminence in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for completion of the relevant registration by 4:30 p.m. on Friday, 10 January 2020.

The latest time for acceptance of and payment for the Rights Issue will be 4:00 p.m. on Thursday, 6 February 2020, or such later date or time as may be agreed between Eminence and the Underwriter.

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

The register of members of Eminence will be closed on Monday, 13 January 2020 and re-opened on Wednesday, 15 January 2020 (both dates inclusive). No transfers of EE Shares will be made during this period.

#### **Conditions of the Rights Issue**

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

- (i) approval having been obtained at the SGM of Eminence from the Independent EE Shareholders for the Share Consolidation and Rights Issue and transactions contemplated thereunder;
- (ii) the Share Consolidation becoming effective;
- (iii) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (v) compliance with and performance by Eminence of certain undertakings and obligations under the Underwriting Agreement;
- (vi) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked on or before 4:00 p.m. on the Settlement Date;
- (vii) EE Shares or Consolidated Shares (as the case may be) remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of EE Shares or Consolidated Shares (as the case may be) not having been withdrawn and the trading of EE Shares not having been suspended for a consecutive period of more than five (5) trading days for any reason other than clearance of this announcement; and
- (viii) delivery by Eminence to the Underwriter of the Undertakings.

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions (i), (ii), (iii), (iv) and (viii) above are not fulfilled and/or waived (other than condition (i) and (ii) which cannot be waived in whole or in part) on or before the Posting Date or in the event that the conditions (v), (vi) and (vii) above have not been satisfied/or waived (which cannot be waived in whole or part) on or before 4:00 p.m. on the Settlement Date (or, in each case, such later date as the Underwriter and Eminence may agree), all liabilities of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other (except that certain expenses of the Underwriter shall remain payable by Eminence) and the irrevocable undertakings by Landmark Profits and Goodco will lapse and the Rights Issue will not proceed.

### **Application for listing**

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

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

The nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000.

Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of Eminence in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **UNDERWRITING AGREEMENT FOR THE RIGHTS ISSUE**

### **Undertakings**

As at the date of this announcement, Easyknit, through Landmark Profits and Goodco, owns 739,330,692 EE Shares, representing approximately 19.84% of the total issued share capital of Eminence. As at the date of this announcement, Goodco also held three (3) outstanding Convertible Notes, being the Goodco Convertible Notes. Goodco has undertaken it will not exercise any conversion rights under, or transfer the Goodco Convertible Notes, or transfer them, before close of business on the Record Date. Madian Star has not given any such undertaking in respect of the Madian Star Convertible Note.

Each of Landmark Profits and Goodco has irrevocably undertaken to Eminence and the Underwriter that EE Shares beneficially owned by it will not be disposed of or transferred from the date of the Undertakings, being the date of the Underwriting Agreement, before close of business on the Record Date, that the Rights Shares to be allotted in respect of those Consolidated Shares will be taken up in full, representing a total of 147,866,132 Rights Shares and it will not apply for any excess Rights Shares.

### **Underwriting Agreement**

Date	:	4 November 2019
Underwriter	:	Get Nice Securities Limited
Number of Underwritten Shares	:	All Rights Shares which are not subject to the Undertakings, being not less than 597,300,276 Rights Shares and not more than 731,966,940 Rights Shares
Commission	:	1.50% of the aggregate Subscription Price in respect of the Underwritten Shares

To the best of the knowledge, information and belief of the EE Directors, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are third parties independent of Eminence and its connected persons. As at the date of this announcement, the Underwriter has no interest in EE Shares save pursuant to the Underwriting Agreement.

The commission rate was determined after arm's length negotiations between Eminence and the Underwriter by reference to the expected size of the Rights Issue, and the current and expected market conditions. The EE Board considers that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable as far as Eminence and the EE Shareholders are concerned.

## Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to Eminence at any time prior to 4:00 p.m. on the Settlement Date if:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole or is materially adverse in the context of the Rights Issue; 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 hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole; or
  - (iii) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the EE Group as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus when published contains information (either as to business prospects or the condition of the EE Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by Eminence and which may in the absolute opinion of the Underwriter be material to the EE Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

In addition, the Underwriter has the right to terminate the Underwriting Agreement if any material breach of the warranties under the Underwriting Agreement comes to the knowledge of the Underwriter.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor Eminence shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that Eminence shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

**WARNING OF THE RISK OF DEALING IN EE SHARES, THE CONSOLIDATED SHARES AND THE NIL-PAID RIGHTS SHARES**

**EE Shares are expected to be consolidated and dealt in on an ex-rights basis from 9:00 a.m. on Thursday, 9 January 2020. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Monday, 20 January 2020 to 4:00 p.m. on Wednesday, 29 January 2020 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.**

**Any EE Shareholder(s) or other persons dealing in the Consolidated Shares up to the date on which all the conditions to which the Rights Issue is subject to are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 9:00 a.m. on Monday, 20 January 2020 to 4:00 p.m. on Wednesday, 29 January 2020 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional and may not proceed. If in any doubt, investors should consult their professional advisers.**

## EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Rights Issue is set out below:

<b>Event</b>	<b>2019/2020 (Hong Kong time)</b>
Date of despatch of the EE Circular	Thursday, 12 December 2019
Latest time for lodging share transfer documents to qualify for attendance and voting at the SGM of Eminence	4:30 p.m. on Monday, 30 December 2019
Closure of register of members of Eminence	From Tuesday, 31 December 2019 to Monday, 6 January 2020 (both dates inclusive)
	<b>2020 (Hong Kong time)</b>
Latest date for lodging proxy forms for the SGM of Eminence	9:00 a.m. on Saturday, 4 January
Date and time of the SGM of Eminence	9:00 a.m. on Monday, 6 January
Release of the SGM results announcement of Eminence	Monday, 6 January
Effective date for the Share Consolidation	Wednesday, 8 January
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 8 January
Original counter for trading in existing share certificates in board lots of 5,000 EE Shares temporarily closes	9:00 a.m. on Wednesday, 8 January
Temporary counter for trading in Consolidated Shares in board lots of 250 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 8 January
First day of free exchange of existing share certificates for EE Shares into new share certificates for Consolidated Shares	9:00 a.m. on Wednesday, 8 January
Last day of dealings in Consolidated Shares on a cum-rights basis	9:00 a.m. on Wednesday, 8 January

First day of dealings in Consolidated Shares on an ex-rights basis	9:00 a.m. on Thursday, 9 January
Latest time for the EE Shareholders to lodge transfers of Consolidated Shares in order to qualify for the Rights Issue	4:30 p.m. on Friday, 10 January
Closure of register of members of Eminence	From Monday, 13 January to Wednesday, 15 January (both dates inclusive)
Record date and time	4:00 p.m. on Wednesday, 15 January
Register of members of Eminence re-opens	Thursday, 16 January
Despatch of Prospectus Documents	Thursday, 16 January
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Monday, 20 January
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 22 January
Designated broker starts to stand in the market to provide matching services for odd lots of Consolidated Shares	9:00 a.m. on Wednesday, 22 January
Original counter for trading in Consolidated Shares in new board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 22 January
Parallel trading in Consolidated Shares (in the form of both existing share certificates in board lots of 250 Consolidated Shares and new share certificates in board lots of 5,000 Consolidated Shares) commences	9:00 a.m. on Wednesday, 22 January
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Wednesday, 29 January
Latest time for the acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares	4:00 p.m. on Monday, 3 February
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 4 February

Announcement of the results of the Right Issue	Monday, 10 February
Refund cheques despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares	Tuesday, 11 February
Certificates for fully-paid Rights Shares to be despatched	Tuesday, 11 February
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 12 February
Temporary counter for trading in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on Thursday, 13 February
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends	4:00 p.m. on Thursday, 13 February
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 13 February
Last day of free exchange of certificates for EE Shares into new certificates for Consolidated Shares	Monday, 17 February

Dates specified in this announcement refer to Hong Kong local time and are indicative only and may be varied by agreement between Eminence and the Underwriter. The EE Shareholders will be notified of any changes to the expected timetable as and when necessary.

## **EFFECT ON THE SHAREHOLDING STRUCTURE OF EMINENCE**

Under Scenario 1: no conversion rights attaching to any Convertible Notes being exercised, the table of Scenario 1 below sets out the shareholding structure of Eminence (a) as at the date of this announcement; (b) immediately after Share Consolidation but before the completion of the Rights Issue; (c) immediately after completion of the Rights Issue, assuming all Rights Shares are taken up by the Qualifying Shareholders; (d) immediately after completion of the Rights Issue, assuming only Landmark Profits and Goodco take up their Rights Shares.

Under Scenario 2: full exercise of conversion rights attaching to the Madian Star Convertible Note but no exercise of conversion rights attaching to any Goodco Convertible Notes, the table of Scenario 2 below sets out the shareholding structure of Eminence (a) as at the date of this announcement; (b) immediately after the Share Consolidation and Madian Star fully exercised the Madian Star Convertible Note but before the completion of the Rights Issue; (c) immediately after the completion of the Rights Issue and Madian Star fully exercised the Madian Star Convertible Note (all Rights Shares are subscribed by the Qualifying Shareholders); and (d) immediately after the completion of the Rights Issue and Madian Star fully exercised the Madian Star Convertible Note (only Landmark Profits and Goodco take up their Rights Shares).

## Scenario 1: no conversion rights attaching to any Convertible Notes exercised

	(a) as at the date of this announcement		(b) immediately after the Share Consolidation but before the completion of the Rights Issue		(c) immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		(d) immediately after the completion of the Rights Issue (only Landmark Profits and Goodco take up their Rights Shares)	
	Number of EE Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %
Landmark Profits	93,549,498	2.51	4,677,474	2.51	23,387,370	2.51	23,387,370	2.51
Goodco								
- EE Shares	645,781,194	17.33	32,289,059	17.33	161,445,295	17.33	161,445,295	17.33
- EE Shares underlying Goodco Convertible Notes	1,560,727,272*	-	1,560,727,272*	-	1,560,727,272*	-	1,560,727,272*	-
<b>Sub-total</b>	<b>739,330,692</b>	<b>19.84</b>	<b>36,966,533</b>	<b>19.84</b>	<b>184,832,665</b>	<b>19.84</b>	<b>184,832,665</b>	<b>19.84</b>
Public								
Underwriter	-	-	-	-	-	-	597,300,276	64.13
Other public EE Shareholders	1,918,511,367	51.49	95,925,569 <sup>^</sup>	51.49	479,627,845 <sup>^</sup>	51.49	95,925,569 <sup>^</sup>	10.30
HU Rong	747,990,000	20.08	37,399,500	20.08	186,997,500	20.08	37,399,500	4.01
Madian Star Limited								
- EE Shares	320,000,000	8.59	16,000,000	8.59	80,000,000	8.59	16,000,000	1.72
- EE Shares underlying Madian Star Convertible Note	673,333,333*	-	673,333,333*	-	673,333,333*	-	673,333,333*	-
<b>Total</b>	<b>3,725,832,059</b>	<b>100.00</b>	<b>186,291,602<sup>^</sup></b>	<b>100.00</b>	<b>931,458,010<sup>^</sup></b>	<b>100.00</b>	<b>931,458,010<sup>^</sup></b>	<b>100.00</b>

\* For illustration purposes only. The EE Shares underlying Convertible Notes figures have not been added into the total amount or percentage.

<sup>^</sup> The figures include fractional Consolidated Shares.

**Scenario 2: full exercise of conversion rights attaching to Madian Star Convertible Note;  
no exercise of conversion rights attaching to any Goodco Convertible Notes**

	(a) as at the date of this announcement		(b) immediately after the Share Consolidation and Madian Star fully exercised the Madian Star Convertible Note but before the completion of the Rights Issue		(c) immediately after the completion of the Rights Issue and Madian Star fully exercised the Madian Star Convertible Note (all Rights Shares are subscribed by the Qualifying Shareholders)		(d) immediately after the completion of the Rights Issue and Madian Star fully exercised the Madian Star Convertible Note (only Landmark Profits and Goodco take up their Rights Shares)	
	Number of EE Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %
Landmark Profits	93,549,498	2.51	4,677,474	2.13	23,387,370	2.13	23,387,370	2.13
Goodco								
- EE Shares	645,781,194	17.33	32,289,059	14.68	161,445,295	14.68	161,445,295	14.68
- total underlying EE Shares	1,560,727,272*	-	1,560,727,272*	-	1,560,727,272*	-	1,560,727,272*	-
<b>Sub-total</b>	<b>739,330,692</b>	<b>19.84</b>	<b>36,966,533</b>	<b>16.81</b>	<b>184,832,665</b>	<b>16.81</b>	<b>184,832,665</b>	<b>16.81</b>
Public								
Underwriter	-	-	-	-	-	-	731,966,940	66.56
Other public EE Shareholders	1,918,511,367	51.49	95,925,570 <sup>^</sup>	43.61	479,627,846 <sup>^</sup>	43.61	95,925,570 <sup>^</sup>	8.72
HU Rong	747,990,000	20.08	37,399,500	17.00	186,997,500	17.00	37,399,500	3.40
Madian Star								
- EE Shares	320,000,000	8.59	49,666,666	22.58	248,333,330	22.58	49,666,666	4.51
- EE Shares underlying Madian Star Convertible Note	673,333,333*	-	-	-	-	-	-	-
<b>Total</b>	<b>3,725,832,059</b>	<b>100.00</b>	<b>219,958,269<sup>^</sup></b>	<b>100.00</b>	<b>1,099,791,341<sup>^</sup></b>	<b>100.00</b>	<b>1,099,791,341<sup>^</sup></b>	<b>100.00</b>

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

<sup>^</sup> The figures include fractional Consolidated Shares.

Following the Rights Issue, assuming all the Rights Shares are subscribed by the Qualifying Shareholders and the Underwriter, Eminence will remain an associate of Easyknit for accounting purposes.

Pursuant to the Underwriting Agreement, in the event that the Underwriter is called upon to subscribe for or to procure subscribers for the Underwritten Shares, the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with Eminence, any of the EE Directors or chief executive or substantial shareholders of Eminence or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules are fulfilled by Eminence upon completion of the Rights Issue. The Underwriter has undertaken, among other things, that it will not subscribe, for its own account and shall procure that no sub-underwriters or persons procured by it or them will apply for or take up, any Underwritten Shares if immediately afterwards the shareholding of the relevant person will be 10% or more of the voting rights of Eminence and/or the subscription would result in an obligation to make a mandatory general offer for Eminence under the Takeovers Code.

#### **POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTES**

As at the date of the announcement, there are four (4) outstanding Convertible Notes, details of which are set out in the paragraph headed “Convertible Notes” in the section headed “Effects of the Share Consolidation” above. As a result of the Rights Issue, adjustment(s) may need to be made to the exercise price and other rights (if any) attached to the Convertible Notes. Eminence will make further announcements accordingly.

#### **REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS**

The EE Group is principally engaged in property investment, property development, investment in securities and loan financing business.

Upon the completion of the acquisition of the companies which hold the properties on Nos. 1B, 1C, 1D and 1E Davis Street, Kennedy Town, Hong Kong for a total acquisition cost of approximately HK\$782.9 million in late September 2019 and October 2019, the EE Group plans to commence the redevelopment of the Kennedy Town Properties in the 2nd quarter of 2020.

The EE Directors estimate that the redevelopment cost of the Kennedy Town Properties is approximately HK\$340 million at current prices including but without limitation to the planning and design, demolition, foundation works, superstructure construction and interior works.

As at 30 September 2019, the EE Group had unaudited cash and cash equivalents of approximately HK\$158.8 million, of which approximately RMB2.9 million (equivalent to approximately HK\$3.2 million at an exchange rate of HK\$1 to RMB0.9199), is tied up in the PRC as investment capital which it is not practical to transfer back to Hong Kong. Of the balance of approximately HK\$155.6 million, approximately HK\$55.0 million has been earmarked for the acquisition of Wing Cheong Factory Building and related planning and design costs for redevelopment; and approximately HK\$38.2 million retained for an investment commitment, leaving a balance of approximately HK\$62.4 million. In addition, as at 30 September 2019, the EE Group had a portfolio of investment securities with a fair value of approximately HK\$48.1 million.

The EE Group expects to raise net proceeds of approximately HK\$353.9 million from the Rights Issue assuming that only 745,166,408 Rights Shares are issued, after payment of expenses (equivalent to net proceeds of approximately HK\$0.475 per Rights Share) assuming that only 745,166,408 Rights Shares are issued.

Eminence intends to apply the HK\$300.8 million net proceeds from the Rights Issue to replenish the internal cash resources previously used to pay for the balance of acquisition of the Kennedy Town Properties not being financed by bank, i.e. HK\$502.1 million. If such previous internal cash was not used for the acquisition of the Kennedy Town Properties, it would be retained for supporting redevelopment costs of other existing projects.; and the remaining balance of approximately HK\$53.1 million for general working capital. The Rights Issue will increase its equity capital base and strengthen the capital structure and balance sheet of Eminence.

Apart from the Rights Issue, Eminence has also considered alternative fund-raising methods, such as bank financing and a private placing of equity. Secured bank borrowings are not available for that purpose because as of the date of this announcement, the EE Group has approximately HK\$1,332.0 million and HK\$1,840.0 million of investment properties and properties under development respectively, all of which (excluding the properties in the PRC) have been pledged to bank for securing mortgage and term loan facilities. The outstanding balance of all bank loans as of the date of this announcement is approximately HK\$1,434.0 million. The Kennedy Town Properties are already mortgaged to the lender that part-financed the acquisition of the Kennedy Town Properties and therefore not available as collateral for new debt, and because of the limitations imposed on banks by the Hong Kong Monetary Authority. Subject to the limitations imposed on bank by the Monetary Authority, the Group were able to borrow only approximately 40% of the acquisition cost of the Kennedy Town Properties, i.e. HK\$280.8 million, the shortfall of HK\$502.1 million was funded from available internal resources which need to be replenished. Even if secured debt financing available, the EE Directors consider that it would incur comparatively higher financing costs and adversely affect gearing (in contrast to the Rights Issue, which will reduce gearing).

Typical additional unsecured financing quotations would require interest at floating rates are based on interbank offered rate plus a margin of around 2.1%. Besides, increased debt will increase liability and thereby further push up the gearing of the EE Group which the EE Directors do not consider desirable. In regard to a private placing of equity, the EE Directors are of the view that it would cause a material dilution effect to the shareholding of the existing EE Shareholders as it would involve the issue of a substantial amount of new EE Shares at a discount to external parties and the existing EE Shareholders would not have the opportunity to participate in the placing. The EE Board considers that the Rights Issue will allow Eminence to strengthen its capital base without incurring interest costs and will give the Qualifying Shareholders the opportunity to further invest in the equity of Eminence at a favourable discount while maintaining their respective pro-rata shareholding interests and voting rights in Eminence. On top of that, the Rights Issue will materially improve the net asset value per share of Eminence. Hence, the EE Board considers that fund raising of this scale through the Rights Issue is in the best interests of Eminence and the Independent EE Shareholders as a whole.

The EE Directors (other than the members of the Independent EE Board Committee whose view will be set out in the EE Circular to be despatched to the EE Shareholders after receiving the advice of the Independent Financial Adviser) are of the view that the Rights Issue is fair and reasonable and in the interests of Eminence and the EE Shareholders as a whole.

## FUND RAISING ACTIVITIES OF EMINENCE FOR THE PAST TWELVE (12) MONTHS

The following table sets out the fund raising activities of Eminence during the past twelve (12) months immediately before the date of this announcement:

<b>Date</b>	<b>Fund raising activity</b>	<b>Net proceeds</b>	<b>Proposed use of proceeds</b>	<b>Actual use of proceeds</b>
17 June 2019 (announcement) and 2 August 2019 (circular)	Issue of 3% Convertible Note due 2024 (being one of the Goodco Convertible Notes) for HK\$70 million issued on 28 August 2019 under specific mandate at the special general meeting on 21 August 2019	HK\$69.5 million	For finance for the acquisition of the remaining units and redevelopment of Wing Cheong Factory Building, and the acquisition of properties on Davis Street, Kennedy Town, as well as future projects, and general working capital of the EE Group	Retained for finance for the acquisition of the remaining units and redevelopment of Wing Cheong Factory Building, and the acquisition of properties on Davis Street, Kennedy Town and general working capital of the EE Group

## LISTING RULES IMPLICATIONS

### *For Eminence*

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

### *For Easyknit*

The consideration for the subscription in full for the entire provisional allotment of Landmark Profits and Goodco under the Rights Issue is approximately HK\$71.4 million which constitutes a discloseable transaction of Easyknit as one of applicable percentage ratios (as defined under the Listing Rules) exceeds 5% but all are less than 25% and the subscription is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Goodco has undertaken that it will not exercise any conversion rights under, or transfer, the Goodco Convertible Notes before close of business on the Record Date.

To the best knowledge, information and belief of the EI Directors, having made all reasonable enquiries, no EI Shareholder has a material interest in the subscription of its entire provisional allotment of the Rights Shares under the Rights Issue.

### *Independent EE Board Committee and Independent Financial Adviser*

The Independent EE Board Committee, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, being all the independent non-executive EE Directors, has been established for the purpose of, among other things, advising the Independent EE Shareholders in respect of the Rights Issue and transactions contemplated thereunder. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to the Independent EE Board Committee and the Independent EE Shareholders to advise the Independent EE Board Committee and the Independent EE Shareholders on the Rights Issue and transactions contemplated thereunder.

## **DESPATCH OF THE CIRCULAR**

The EE Circular containing, among other things, further details of (i) the Share Consolidation, the Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent EE Board Committee in respect of the Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent EE Board Committee and the Independent EE Shareholders on the Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the EE Shareholders on or before Thursday, 12 December 2019.

## **TRADING HALTS AND RESUMPTION OF TRADING**

At the request of Eminence, trading in EE Shares on the Stock Exchange was halted at 10:24 a.m. on Monday, 4 November 2019 pending the release of this announcement. Application has been made by Eminence to the Stock Exchange for resumption of trading in EE Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 7 November 2019.

At the request of Easyknit, trading in Easyknit Shares on the Stock Exchange was halted at 10:24 a.m. on Monday, 4 November 2019 pending the release of this announcement. Application has been made by Easyknit to the Stock Exchange for resumption of trading in Easyknit Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 7 November 2019.

## DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them unless the context requires otherwise:

“Acceptance Time”	4:00 p.m. on Monday, 3 February 2020 (or such other time or date as the Underwriter may agree in writing with Eminence as the latest time and date for acceptance of, and payment of, Rights Shares)
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of par value HK\$0.20 each in the share capital of Eminence immediately after the Share Consolidation becoming effective
“Convertible Notes”	the Goodco Convertible Notes and the Madian Convertible Note
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit”	Easyknit International Holdings Limited (Stock Code: 1218), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“Easyknit Shares”	ordinary shares of HK\$0.10 each in the share capital of Easyknit
“EE Board”	the board of EE Directors

“EE Circular”	the circular to be published by Eminence containing, amongst other things, information about the Share Consolidation and Rights Issue and transactions contemplated thereunder, and notice of the SGM
“EE Director(s)”	director(s) of Eminence
“EE Group”	Eminence and its subsidiaries
“EE Shareholder(s)”	holder(s) of EE Share(s)
“EE Shares”	ordinary share(s) of par value HK\$0.01 each in the share capital of Eminence before the Share Consolidation becoming effective, unless otherwise stated
“EI Board”	the board of EI Directors
“EI Director(s)”	director(s) of Easyknit
“EI Group”	Easyknit and its subsidiaries
“EI Shareholder(s)”	holder(s) of Easyknit Share(s)
“Eminence”	Eminence Enterprise Limited (Stock Code: 616), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of Easyknit, and a substantial shareholder of Eminence
“Goodco Convertible Notes”	<p>the 3% per annum coupon rate convertible notes issued by Eminence to Goodco:</p> <p>on 11 May 2017 in the principal amount of HK\$16,000,000 conferring rights to convert at any time before 11 May 2022 the principal amount into EE Shares on the basis of a conversion price that is at present HK\$0.16 per EE Share which the outstanding amount is HK\$16,000,000;</p> <p>on 26 September 2017 in the aggregate principal amount of HK\$28,200,000 conferring rights to convert at any time before 26 September 2020 the principal amount into EE Shares on the basis of a conversion price that is at present HK0.06 per EE Share, of which the outstanding amount is HK\$11,280,000; and</p>

on 28 August 2019 in the principal amount of HK\$70,000,000 conferring rights to convert at any time before 28 August 2024 the principal amount into EE Shares on the basis of the conversion price that is at present HK0.06 per EE Share, of which the outstanding amount is HK\$70,000,000

“Guideline”	the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 30 August 2019
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent EE Board Committee”	the independent board committee of the EE Board, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, being all the independent non-executive EE Directors, established for the purpose of, among other things, advising the Independent EE Shareholders in respect of the Rights Issue and transactions contemplated thereunder
“Independent EE Shareholders”	the EE Shareholders, other than those who are required under the Listing Rules to abstain from voting at the SGM
“Independent Financial Adviser”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent EE Board Committee and the Independent EE Shareholders relating to the Rights Issue and transactions contemplated thereunder
“Kennedy Town Properties”	the properties at Nos. 1B, 1C, 1D, and 1E Davis Street, Kennedy Town, Hong Kong
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of Easyknit and a shareholder of Eminence
“Last Trading Day”	4 November 2019, being the last trading day for the EE Shares on the Stock Exchange prior to the date of this announcement

“Latest Time for Termination of the Underwriting Agreement”	4:00 p.m. on Tuesday, 4 February 2020, or such other time as may be agreed between Eminence and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madian Star”	Madian Star Limited, a holder of EE Shares and of the Madian Star Convertible Note, an investment holding company incorporated in the BVI with limited liability
“Madian Star Convertible Note”	the 3% per annum coupon rate convertible notes issued by Eminence to Madian Star on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 conferring rights to convert at any time before 12 June 2022 the principal amount into EE Shares on the basis of a conversion price that is at present HK\$0.06 per EE Share, of which the outstanding amount is HK\$40,400,000
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) (if any) in respect of whom the EE Directors, based on legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of Eminence at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Thursday, 16 January 2020 or such other day as may be agreed between Eminence and the Underwriter, as the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by Eminence in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PALs and the EAFs

“Qualifying Shareholder(s)”	the EE Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of Eminence at the close of business on the Record Date
“Record Date”	Wednesday, 15 January 2020 or such other date as the Underwriter may agree in writing with Eminence as the date by reference to which entitlements to the Rights Issue are to be determined
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarized herein
“Rights Share(s)”	not less than 745,166,408 Rights Shares and not more than 879,833,072 Rights Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of four (4) Rights Shares for every one (1) Consolidated Share held at the Record Date pursuant to the Rights Issue
“Settlement Date”	Thursday, 6 February 2020, being the third (3rd) Business Day following the Acceptance Time or such later date as Eminence and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting to be convened and held by Eminence to consider and approve, among other things, the Share Consolidation and the Rights Issue
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued EE Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.483 per Rights Share under the Rights Issue
“subsidiary”	the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers

“Undertakings”	the conditional irrevocable undertakings dated 4 November 2019 from Landmark Profits and Goodco to Eminence and the Underwriter described in the section headed “Undertakings” in this announcement
“Underwriter”	Get Nice Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 4 November 2019 entered into between Eminence and the Underwriter in relation to the underwriting and certain arrangements in respect of the Rights Issue
“Underwritten Shares”	not less than 597,300,276 Rights Shares and not more than 731,966,940 Rights Shares, being all the Rights Shares other than the Rights Shares to be provisionally allotted to and accepted by Landmark Profits and Goodco pursuant to the Undertakings
“Wing Cheong Factory Building”	an industrial building at No. 121 King Lam Street, Kowloon, Hong Kong erected on New Kowloon Inland Lot No. 4474
“%”	percent

By Order of the EE Board  
**Eminence Enterprise Limited**  
**Kwong Jimmy Cheung Tim**  
*Chairman and Chief Executive Officer*

By Order of the EI Board  
**Easyknit International Holdings Limited**  
**Tse Wing Chiu Ricky**  
*President and Chief Executive Officer*

Hong Kong, 6 November 2019

*As at the date hereof, the board of directors of Eminence comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive directors.*

*As at the date hereof, the board of directors of Easyknit comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.*

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