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# THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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*If you are in any doubt as to any aspect of the Share Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.*

*If you have sold or otherwise transferred all your securities in Eminence Enterprise Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s), licensed securities dealer or registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).*

*This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Share Offer. This Composite Document is not for release, publication or distribution in or into any jurisdiction where to do so would constitute a violation of the relevant laws of such jurisdiction.*

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

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**ACE WINNER INVESTMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

**COMPOSITE DOCUMENT IN RELATION TO THE  
VOLUNTARY CONDITIONAL CASH OFFER BY  
ALTUS INVESTMENTS LIMITED  
FOR AND ON BEHALF OF  
THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF  
EASYKNIT INTERNATIONAL HOLDINGS LIMITED  
FOR ALL ISSUED SHARES OF  
EMINENCE ENTERPRISE LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR  
AND  
PARTIES ACTING IN CONCERT WITH IT)**

**Financial adviser to Easyknit International Holdings Limited**

**ALTUS CAPITAL LIMITED**

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



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

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Unless the context otherwise requires, capitalised terms used in this Composite Document (including this cover page) have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A "Letter from Altus Investments" containing, among other things, the details of the terms and conditions of the Share Offer is set out on pages 6 to 19 of this Composite Document. A "Letter from the EE Board" is set out on pages 20 to 24 of this Composite Document. A "Letter from the EE Independent Board Committee" containing its recommendations to the Independent EE Shareholders in respect of the Share Offer is set out on pages 25 to 26 of this Composite Document. A "Letter from the EE Independent Financial Adviser" containing its advice and recommendations to the EE Independent Board Committee in respect of the Share Offer is set out on pages 27 to 52 of this Composite Document.

The procedures for acceptance and settlement of the Share Offer are set out in Appendix I "Further terms and procedures of acceptance of the Share Offer" to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Share Offer should be received by the Registrar by no later than 4:00 p.m. on Friday, 16 April 2021 or such later time(s) and/or date(s) as the Offeror may determine and announce, in accordance with the Takeovers Code. The EE Shareholders should inform themselves of and observe any applicable legal, tax or regulatory requirements. See "Important notices" on pages iv and v of this Composite Document.

Any persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the accompanying Form of Acceptance to any jurisdiction(s) outside Hong Kong should read the details in this regard which are contained in paragraph headed "Overseas EE Shareholders" in the "Letter from Altus Investments" in this Composite Document before taking any action. It is the responsibility of any Overseas EE Shareholders wishing to take any action in relation to the Share Offer, to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including obtaining all governmental, exchange control or other consents which may be required and compliance with all necessary formalities or legal requirements and the payment of any issue, transfer or other taxes payable by such Overseas EE Shareholders in respect of the acceptance of the Share Offer in such jurisdiction. The Overseas EE Shareholders are advised to seek professional advice on deciding whether to accept the Share Offer.

This Composite Document is issued jointly by the Offeror and EE. The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

26 March 2021

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## EXPECTED TIMETABLE

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*The timetable set out below is indicative only and may be subject to change. Announcement(s) will be made in the event that there is any change to the following timetable.*

<b>Event</b>	<b>Hong Kong Time</b>
Despatch date of this Composite Document and the accompanying Form of Acceptance . . . . .	Friday, 26 March 2021
Opening date of the Share Offer . . . . .	Friday, 26 March 2021
First Closing Date ( <i>Notes 1 and 2</i> ) . . . . .	Friday, 16 April 2021
Latest time and date for acceptance of the Share Offer on the first Closing Date ( <i>Note 1</i> ) . . . . .	4:00 p.m. on Friday, 16 April 2021
Announcement of the results of the Share Offer as at the First Closing Date to be posted on the Stock Exchange's website . . . . .	not later than 7:00 p.m. on Friday, 16 April 2021
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Share Offer by the First Closing Date, assuming the Share Offer becomes or is declared unconditional on such date ( <i>Note 3</i> ) . . . . .	Tuesday, 27 April 2021
Latest time and date for acceptance of the Share Offer if the Share Offer becomes or is declared unconditional on the First Closing Date . . . . .	4:00 p.m. on Friday, 30 April 2021
Final closing date of the Share Offer if the Share Offer becomes or is declared unconditional on the First Closing Date . . . . .	Friday, 30 April 2021
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Share Offer on or before 4:00 p.m. on 30 April 2021 ( <i>Note 3</i> ) . . . . .	Tuesday, 11 May 2021
Latest date by which the Share Offer can be declared unconditional as to acceptances ( <i>Note 4</i> ) . . . . .	7:00 p.m. on Tuesday, 25 May 2021

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## EXPECTED TIMETABLE

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*Notes:*

- (1) The Share Offer is subject to satisfaction or waiver (where permitted) of the conditions set out in the paragraph headed “Conditions of the Share Offer” in the “Letter from Altus Investments” in this Composite Document, which include the Offeror having received acceptances (which where permitted, have not been withdrawn) on or before 4:00 p.m. on the Closing Date in respect of EE Shares which, together with the EE Shares already held by the Offeror and parties acting in concert with it, constitute more than 50% of the voting rights of EE. Unless the Share Offer has previously become or been declared unconditional or revised, the latest time for acceptance of the Share Offer is 4:00 p.m. on Friday, 30 April 2021 assuming the Share Offer is declared unconditional on Friday, 16 April, 2021. Pursuant to the Takeovers Code, where the Share Offer is declared unconditional, the Share Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement if and when the Share Offer becomes unconditional.
- (2) The Offeror reserves the right to revise or extend the Share Offer until such time and/or date as it may determine and in accordance with the Takeovers Code. The Offeror will issue an announcement to be posted on the Stock Exchange’s website by 7:00 p.m. on Friday, 16 April 2021, being the First Closing Date, as to whether the Share Offer has been revised or extended, has become or been declared unconditional.
- (3) Amounts due to the Independent EE Shareholders who accept the Share Offer will be paid by the Offeror as soon as possible but in any event within 7 Business Days of the later of the date on which the Share Offer becomes, or is declared, unconditional and the date of receipt of the duly completed Form of Acceptance in accordance with the Takeovers Code.
- (4) In accordance with the Takeovers Code, in the event that the Share Offer (whether revised or not) has not become or been declared unconditional as to acceptances on the 60th day after posting of this Composite Document, the Share Offer will lapse unless the Executive consents to a later date. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Share Offer has previously become or is declared unconditional as to acceptances, the Share Offer will lapse after 7:00 p.m. on Tuesday, 25 May 2021, unless extended with the consent of the Executive.

**Effect of bad weather on the latest time for acceptance of the Share Offer and/or the latest date for despatch of cheques**

If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning in force, in Hong Kong:

- (a) at any time before 12:00 noon but no longer in force at or after 12:00 noon on the latest date for acceptance of the Share Offer and/or the latest date for despatch of cheques for the amounts due under the Share Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Share Offer will remain at 4:00 p.m. on the same Business Day and/or the latest date for despatch of cheques will remain on the same Business Day; or
- (b) at any time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Share Offer and/or the latest date for despatch of cheques for the amounts due under the Share Offer in respect of valid acceptances (as the case may be), the latest time for acceptance of the Share Offer will be rescheduled to 4:00 p.m. on the following Business Day and/or the latest date for despatch of cheques will be rescheduled to the following Business Day.

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## **IMPORTANT NOTICES**

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### **OVERSEAS EE SHAREHOLDERS**

The Share Offer is in respect of the shares of a company incorporated in Bermuda and admitted to listing in Hong Kong and is subject to the procedure and disclosure requirements of Hong Kong, which may be different from those of other jurisdictions.

The making of the Share Offer to the Overseas EE Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. The Overseas EE Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of each Overseas EE Shareholder wishing to accept the Share Offer to satisfy himself or herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Any such Overseas EE Shareholders will be responsible for any such issue, transfer or other taxes by himself/herself/itself. Acceptances of the Share Offer by any such person will constitute a warranty by such person that such person has observed and is permitted under all applicable laws and regulations to receive and accept the Share Offer and any revision thereof, and that he/she/it has obtained any requisite governmental, exchange control or other consents, complied with all other necessary formalities or legal requirements and paid any issue, transfer or other taxes or other required payments due from him/her/it in connection with such acceptance in any territory, and that he/she/it has not taken or omitted to take any action which will or may result in the Offeror, EE, Altus Investments, or any other person acting on behalf of any of them in breach of the legal or regulatory requirements of any jurisdiction in connection with the Share Offer and/or his/her/its acceptance thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Composite Document includes certain “forward-looking statements”. These statements are based on the current expectations of the management of the Offeror, and/or EE (as the case may be) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained in this Composite Document include statements about the expected effects of the Share Offer, the expected timing and all other statements in this Composite Document other than historical facts.

Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “envisages” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Share Offer, as well as additional factors, such as general, social, economic and political conditions in the countries in which the relevant entity operates or other countries which have an impact on the relevant company’s business activities or investments, interest rates, the monetary and interest rate policies of the countries in which the relevant company operates, inflation or deflation, foreign exchange rates, the performance of the financial markets in the countries in which the relevant company operates and globally, changes in domestic and foreign laws, regulations and taxes, changes in competition and the pricing environments in the countries in which the relevant company operates, regional or general changes in asset valuations and disruptions or reductions in travel and operations due to natural or man-made disasters, pandemics, epidemics, or outbreaks of infectious or contagious diseases such as COVID-19. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements.

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## IMPORTANT NOTICES

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All forward-looking statements attributable to the Offeror and/or EE (as the case may be) or persons acting on behalf of any of them are qualified in their entirety by the cautionary statements above. The forward-looking statements included herein are made only as of the Latest Practicable Date.

Any forward-looking statement contained in this Composite Document based on past or current trends and/or activities should not be taken as a representation that such trends or activities will continue in the future. No statement in this Composite Document is intended to be a profit forecast or to imply that the earnings of the relevant company for the current year or future years will necessarily match or exceed its historical or published earnings. Each forward-looking statement speaks only as at the date of the particular statement. Subject to the requirements of the Takeovers Code and other applicable laws and regulations, each of the Offeror and EE expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions of circumstances on which any such statement is based.

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## DEFINITIONS

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*In this Composite Document, the following expressions have the meanings set out below unless the context requires otherwise.*

“acting in concert”	the meaning ascribed thereto in the Takeovers Code
“Altus Capital”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to Easyknit
“Altus Investments”	Altus Investments Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, which is making the Share Offer on behalf of the Offeror
“associate(s)”	the meaning ascribed thereto in the Takeovers Code
“Business Day”	a business day is a day on which the Stock Exchange is open for the transaction of business
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the 14th day after the date on which the Share Offer is declared unconditional in all respects (or such other day as announced by the Offeror with the consent of the Executive)
“Composite Document”	this composite offer and response document dated 26 March 2021 issued by the Offeror and EE in connection with the Share Offer in accordance with the Takeovers Code
“Conditions”	the conditions to the Share Offer described in the paragraph headed “Conditions of the Share Offer” in the “Letter from Altus Investments” in this Composite Document
“Conditions Long Stop Date”	means 25 May 2021, being the day which is 60 calendar days after the posting of this Composite Document on 26 March 2021, unless the date has been extended by the Offeror with the consent of Easyknit and the Executive
“Easyknit”	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board (stock code: 1218)
“Easyknit Board”	the board of directors of Easyknit

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## DEFINITIONS

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“Easyknit Directors”	the directors of Easyknit
“Easyknit Group”	Easyknit and its subsidiaries
“EE”	Eminence Enterprise Limited (高山企業有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board (Stock Code: 616)
“EE Board”	the board of directors of EE
“EE Directors”	the directors of EE
“EE Group”	EE and its subsidiaries
“EE Independent Board Committee”	the independent committee of the EE Board comprising Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly (the independent non-executive EE Directors) formed to advise the Independent EE Shareholders in respect of the Share Offer
“EE Shares”	ordinary shares of HK\$0.20 each in the share capital of EE
“EE Shareholders”	holders of EE Shares
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“First Closing Date”	16 April 2021, or such later date as may be determined by the Offeror in accordance with the Takeovers Code, being the first closing date of the Share Offer
“Form of Acceptance”	the form of acceptance and transfer in respect of the Share Offer which accompanies this Composite Document
“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit
“Goodco Convertible Notes”	the 4% coupon convertible notes issued by EE with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently HK\$0.25 (subject to adjustment) all due on 28 August 2024 held by Goodco
“HKSCC”	the Hong Kong Securities Clearing Company Limited



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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent EE Shareholders”	the EE Shareholders other than the Offeror and parties acting in concert with it
“Joint Announcement”	the joint announcement dated 11 February 2021, published by Easyknit and EE relating to, among other things, the Share Offer
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability, and a wholly-owned subsidiary of Easyknit
“Last Trading Date”	3 February 2021, being the last trading day of the EE Shares on the Stock Exchange prior to the issue of the Joint Announcement
“Latest Practicable Date”	23 March 2021, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Offer Period”	the period from 11 February 2021, being the date of the Joint Announcement, to the Closing Date or the date the Share Offer lapses, whichever is earlier
“Offer Unconditional Date”	the date on which the Share Offer becomes or is declared unconditional in all respects
“Offeror”	Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Easyknit
“Overseas EE Shareholder(s)”	EE Shareholder(s) whose registered addresses, as shown on the EE’s branch share register in Hong Kong, are outside Hong Kong
“Reassessed NAV”	the meaning ascribed to it in Appendix II “Financial information of the EE Group” on page II-9 of this Composite Document

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## DEFINITIONS

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“Red Sun” or “EE 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 appointed to advise the EE Independent Board Committee in respect of the Share Offer
“Registrar”	Tricor Secretaries Limited, EE’s branch share registrar and transfer office in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Relevant Period”	the period commencing from 11 August 2020, being six months preceding the date of the Joint Announcement up to and including the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the voluntary cash general offer being made, by Altus Investments for and on behalf of the Offeror to acquire all of the issued EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) on the terms and conditions set out in this Composite Document and in compliance with the Takeovers Code
“Share Offer Price”	HK\$0.50 per EE Share, being the offer price per EE Share under the Share Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$”	Singapore dollars, the lawful currency of the Republic of Singapore
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“U.S.”	the United States of America
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## DEFINITIONS

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*Notes:*

1. Except as otherwise specified, all times and dates contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong times and dates.
2. Unless the context requires otherwise, translations of RMB into HK\$, S\$ into HK\$ and vice versa are made in this Composite Document, for illustration purposes only, at the rate of HK\$1.00 to RMB0.84 and HK\$1.00 to S\$0.17. Such translation shall not be construed as representations that any amount in RMB, S\$ and HK\$ were or may have been or may be converted into those currencies or vice versa at the above rates or at any other rates. Certain amounts and percentage figures in this Composite Document have been subject to rounding adjustments.
3. Certain English translations of Chinese names or words or Chinese translations of English names or words in this Composite Document are included for information and identification purposes only and should not be regarded as the official English translation of such Chinese names or words or Chinese translation of such English names or words, respectively.
4. In this Composite Document, the singular includes the plural and vice versa, unless the context otherwise requires.
5. In this Composite Document, references to any appendix, paragraph and sub-paragraph are references to the appendices to, and paragraphs of, this Composite Document and any sub-paragraphs of them, respectively.
6. In this Composite Document, references to any statute or statutory provision include a statute or statutory provision which amends, consolidates or replaces the same whether before or after the date of this Composite Document.
7. In this Composite Document, a reference to gender is a reference to all genders.
8. The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

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# LETTER FROM ALTUS INVESTMENTS

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# ALTUS .

**Altus Investments Limited**  
21 Wing Wo Street  
Central  
Hong Kong

26 March 2021

*To the Independent EE Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY  
ALTUS INVESTMENTS LIMITED  
FOR AND ON BEHALF OF  
THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF  
EASYKNIT INTERNATIONAL HOLDINGS LIMITED  
FOR ALL THE ISSUED SHARES OF  
EMINENCE ENTERPRISE LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT)**

Reference is made to the Joint Announcement dated 11 February 2021 published by Easykmit and EE in respect of, among other things, a pre-conditional voluntary conditional cash offer by Altus Investments on behalf of the Offeror, a wholly-owned subsidiary of Easykmit, to acquire all of the issued shares of EE (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and the joint announcement dated 19 March 2021 published by EE, Easykmit and the Offeror in respect of the satisfaction of the Pre-Condition.

This letter sets out, among other things, details of the terms of the Share Offer, the reasons for and benefits of the Share Offer, the intention of Easykmit regarding the EE Group and information on Easykmit and the Offeror. Further details of the terms of the Share Offer are set out in Appendix I “Further Terms and Procedures of Acceptance of the Share Offer” to this Composite Document of which this letter forms part, and in the accompanying Form of Acceptance. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

The Independent EE Shareholders are strongly advised to consider carefully the information contained in the “Letter from the EE Board”, the “Letter from the EE Independent Board Committee” and the “Letter from the EE Independent Financial Adviser”, the accompanying Form of Acceptance and the appendices which form part of this Composite Document.

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# LETTER FROM ALTUS INVESTMENTS

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## 1. INTRODUCTION TO THE SHARE OFFER

Altus Investments, on behalf of the Offeror, hereby makes a voluntary conditional cash offer to acquire all of the issued shares of EE (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the Share Offer Price.

## 2. THE SHARE OFFER

The Share Offer is made by Altus Investments on behalf of the Offeror in compliance with the Takeovers Code on the basis set out below.

For each EE Share . . . . . Share Offer Price, being HK\$0.50 in cash

As at the Latest Practicable Date, there were 931,458,010 EE Shares in issue. At the Share Offer Price of HK\$0.50 per EE Share, the entire issued share capital of EE is valued at HK\$465,729,005.

As at the Latest Practicable Date, based on the issued share capital of 931,458,010 EE Shares, and after deducting the 275,687,665 EE Shares owned by Easyknit (through the Offeror, Landmark Profits and Goodco), there are 655,770,345 EE Shares subject to the Share Offer.

In addition, Goodco, a party acting in concert with the Offeror (being a wholly-owned subsidiary of Easyknit, which is the parent company of the Offeror), holds the Goodco Convertible Notes with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently HK\$0.25 (subject to adjustment) all due on 28 August 2024. As Goodco is also a wholly-owned subsidiary of Easyknit and is a party acting in concert with the Offeror, no offer will be made for the Goodco Convertible Notes under Rule 13 of the Takeovers Code. Save for the above, there are no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into EE Shares as at the Latest Practicable Date.

The Share Offer Price was determined on a commercial basis after taking into account, among other things, (i) the historical market prices of the EE Shares traded on the Stock Exchange; (ii) the unaudited net assets of the EE Group attributable to the EE Shareholders as at 30 September 2020; and (iii) the historical financial performance of the EE Group. Please refer to the paragraphs headed “The Share Offer Price” and “Reasons for and benefits of the Share Offer” of this letter for detailed comparisons between the Share Offer Price and historical trading prices of EE Shares and historical discounts to net asset value attributable to owners per EE Share.

## 3. THE SHARE OFFER PRICE

The Share Offer Price of HK\$0.50 per EE Share represents:

- (i) a premium of approximately 6.4% over the closing price of HK\$0.47 per EE Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 23.5% over the closing price of HK\$0.405 per EE Share as quoted on the Stock Exchange on the Last Trading Date;

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## LETTER FROM ALTUS INVESTMENTS

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- (iii) a premium of approximately 22.2% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date of approximately HK\$0.409;
- (iv) a premium of approximately 21.1% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Date of approximately HK\$0.413;
- (v) a premium of approximately 24.0% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Date of approximately HK\$0.403;
- (vi) a discount of approximately 84.2% to the audited consolidated net asset value per EE Share attributable to the EE Shareholders as at 31 March 2020 of approximately HK\$3.158 per EE Share calculated based on the audited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,941.9 million as at 31 March 2020 as extracted from the annual report of EE for the year ended 31 March 2020 and 931,458,010 EE Shares then in issue;
- (vii) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.118 per EE Share calculated based on the unaudited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,904.0 million as at 30 September 2020 as extracted from the interim report of EE for the six months ended 30 September 2020 and 931,458,010 EE Shares then in issue; and
- (viii) a discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.238 per EE Share calculated based on the Reassessed NAV of approximately HK\$3,016.5 million as at 30 September 2020 as set out in Appendix II “Financial information of the EE Group” to this Composite Document and 931,458,010 EE Shares then in issue as at 31 January 2021.

As at the date of this Composite Document, there is no dividend declared but unpaid and the EE Board has not decided whether to recommend the payment of any dividend for the year ending 31 March 2021 (“**2021 Dividend**”) to the EE Shareholders. The EE Board will consider whether to recommend a payment of a 2021 Dividend when it meets to consider the consolidated results of EE for the year ending 31 March 2021. Such meeting is expected to take place by end of June 2021.

In the event that any dividends or distributions are declared, paid or made by EE on or after the date of this Composite Document before the close of the Share Offer, the amount of such dividends or other distributions will be deducted from the Share Offer Price.

As at 30 September 2020, a significant portion of EE’s assets consisted of property, plant and equipment, investment properties and properties held for development for sale. Valuation reports on the property interests of the EE Group are set out in Appendix III “Property valuation of the EE Group” to this Composite Document pursuant to Rule 11 of the Takeovers Code.

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## LETTER FROM ALTUS INVESTMENTS

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### 4. NO PRICE INCREASE STATEMENT

The Share Offer Price will not be increased and the Offeror does not reserve the right to do so. EE Shareholders should be aware that the Offeror is not allowed to increase the Share Offer Price save in wholly exceptional circumstances, as provided in Rule 18.3 of the Takeovers Code.

### 5. HIGHEST AND LOWEST CLOSING EE SHARES PRICES

During the Relevant Period, the highest closing price of the EE Shares as quoted on the Stock Exchange was HK\$0.49 per EE Share on 16 February 2021 and 25 February 2021, and the lowest closing price of the EE Shares on the Stock Exchange was HK\$0.23 per EE Share on 31 August 2020.

### 6. CONDITIONS OF THE SHARE OFFER

The Share Offer is subject to the fulfilment of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive) in respect of the EE Shares which, together with the EE Shares owned or acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of EE, i.e. more than 465,729,005 EE Shares (based on the number of EE Shares in issue as at the Latest Practicable Date);
- (b) the EE Shares remaining listed on the Main Board up to the Closing Date (or, if earlier, the Offer Unconditional Date), the trading of which not being suspended for a period of 30 consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the EE Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the EE Shares pending the release of any announcement in respect of the Share Offer);
- (c) none of the members of the EE Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the EE Group as a whole and no such litigation, arbitration or governmental proceeding has been threatened in writing to EE and there are no circumstances likely to give rise to any such litigation, arbitration or governmental proceeding; and
- (d) EE has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning EE or any member of the EE Group in any jurisdiction that is material to the EE Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened.

The Offeror reserves the right to waive all or any of the Conditions to the Share Offer set out above, either in whole or in part, either generally or in respect of any particular matter, except for Condition (a) which may not be waived. If any of the Conditions are not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Share Offer will lapse.

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## LETTER FROM ALTUS INVESTMENTS

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As at the Latest Practicable Date, none of the Conditions had been fulfilled.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Condition to the Share Offer, other than the acceptance condition, so as to cause the Share Offer to lapse as a basis for not proceeding with the Share Offer unless the circumstances which give rise to the right to invoke the Condition to the Share Offer are of material significance to the Offeror in the context of the Share Offer.

Pursuant to Rule 15.3 of the Takeovers Code, where the Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than fourteen (14) days thereafter.

Except with the consent of the Executive, all Conditions must be fulfilled (or, if permissible, waived) or the Share Offer must lapse within twenty-one (21) days of the Closing Date or of the date the Share Offer becomes or is declared unconditional as to acceptances, whichever is the later.

### **7. VALUE OF THE SHARE OFFER**

As at the Latest Practicable Date, there were 931,458,010 EE Shares in issue of which 655,770,345 EE Shares are subject to the Share Offer. Assuming that there is no change in the issued EE Shares from the Latest Practicable Date up to the Closing Date and assuming full acceptance of the Share Offer, based on the Share Offer Price of HK\$0.50 per EE Share, the total cash consideration payable by the Offeror under the Share Offer is approximately HK\$327.9 million.

### **8. CONFIRMATION OF FINANCIAL RESOURCES**

The funds required by the Offeror to satisfy the consideration payable under the Share Offer will be financed by cash and debt financing obtained from Hang Seng Bank Limited by the Easyknit Group, and a portion of the EE Shares to be acquired by the Offeror under the Share Offer will be pledged to Hang Seng Bank Limited as security for the relevant debt financing. The payment of interest on repayment of or security for any liability is not dependent on the business of EE.

The pledge arrangement's terms and conditions include (i) the proceeds from the debt financing shall be restricted for purchasing the EE Shares; (ii) all of the EE Shares to be acquired by the Offeror under the Share Offer using the proceeds from the debt financing shall be pledged to Hang Seng Bank Limited for such debt financing; and (iii) upon disposal of the EE Shares, the related sales proceeds should be applied to fully repay the debt financing. There is no other related arrangement involving charges or pledges of EE Shares and such pledge arrangement will not result in the transfer of voting rights.

The Easyknit Directors confirm that none of the EE Shares in which Easyknit is interested, directly or indirectly, are held as a security by Hang Seng Bank Limited as at the Latest Practicable date.

Altus Capital is satisfied that sufficient financial resources are available to the Offeror to meet full acceptance of the Share Offer.



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## LETTER FROM ALTUS INVESTMENTS

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### 9. COMPULSORY ACQUISITION AND MAINTAINING THE LISTING STATUS OF EE

The Offeror does not intend to avail itself of any powers of compulsory acquisition in respect of EE under the provisions of the laws of Bermuda. The Offeror intends the EE Shares to remain listed on the Stock Exchange after the close of the Share Offer.

**The Stock Exchange has stated that if, upon the close of the Share Offer, less than the minimum prescribed percentage applicable to EE, being 25% of the issued EE Shares, are held by the public, or if the Stock Exchange believes that:**

- a false market exists or may exist in the trading of the EE Shares; or
- that there are insufficient EE Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the EE Shares.

**The Offeror, Easyknit and EE intend EE to remain listed on the Stock Exchange. The directors of the Offeror, Easyknit and EE will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares.**

### 10. SHAREHOLDINGS IN EE

According to Appendix IV “General information of the Offeror and the EE Group” to this Composite Document, as at the Latest Practicable Date, the authorised share capital of EE was HK\$400,000,000 divided into 2,000,000,000 EE Shares and the issued share capital of EE was HK\$186,291,602 divided into 931,458,010 EE Shares. There were no other classes of shares of EE in issue.

In addition, the Goodco Convertible Notes are outstanding and convertible into EE Shares. The following sets out the holdings of the Offeror and persons acting in concert with it of EE Shares as at the Latest Practicable Date.

	<i>No. of EE Shares</i>	<i>Approximate percentage of the issued share capital of EE</i>
– Offeror <sup>(i)</sup>	90,855,000	9.76%
– Landmark Profits <sup>(i)</sup>	23,387,370	2.51%
– Goodco <sup>(i) (ii)</sup>	161,445,295	17.33%
Total	<u>275,687,665<sup>(i)</sup></u>	<u>29.60%</u>

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# LETTER FROM ALTUS INVESTMENTS

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*Notes:*

- (i) Of the 275,687,665 EE Shares held by the Offeror and parties acting in concert with it, 90,855,000 EE Shares, 23,387,370 EE Shares and 161,445,295 EE Shares are registered in the name of and beneficially owned by the Offeror, Landmark Profits and Goodco respectively, all of which are wholly-owned subsidiaries of Easyknit.
- (ii) Goodco also has an interest in, for the SFO purposes, 389,120,000 underlying EE Shares which comprise of
  - (i) 64,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 11 May 2017; (ii) 45,120,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 26 September 2017; and (iii) 280,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 28 August 2019.

## **11. EFFECT OF ACCEPTING THE SHARE OFFER**

By accepting the Share Offer, the relevant Independent EE Shareholders will sell their EE Shares to the Offeror free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, declared, made or paid on or after the Closing Date.

## **12. HONG KONG STAMP DUTY**

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the EE Shares or the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant holder of EE Shares on acceptance of the Share Offer. The Offeror will bear its own portion of buyer's ad valorem stamp duty at the rate of 0.1% of the market value of the EE Shares or the consideration payable by the Offeror in respect of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00) and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the EE Shares which are validly tendered for acceptance under the Share Offer.

## **13. SETTLEMENT OF CONSIDERATION**

Settlement of the consideration in respect of an acceptance of the Share Offer will be made as soon as possible and in any event within seven (7) Business Days of (i) the date of receipt of the complete and valid acceptance or (ii) the date on which the Share Offer becomes or is declared unconditional in all respects, whichever is the later.

## **14. DEALINGS AND INTERESTS IN EE SHARES**

Save for the on-market purchase made by the Offeror (details of which are set out below), none of the Offeror and parties acting in concert with it has dealt in any EE Shares, options, derivatives, warrants or other relevant securities convertible (as defined in Note 4 to Rule 22 of the Takeovers Code) into EE Shares during the Relevant Period.

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## LETTER FROM ALTUS INVESTMENTS

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Set out below are the purchases of EE Shares (all of which were on-market) made by the Offeror and parties acting in concert with it during the Relevant Period.

<b>Date of transaction made</b>	<b>Relevant party</b>	<b>Price per EE Share paid</b> <i>HK\$</i>	<b>Total number of EE Shares purchased</b>	<b>Approximate percentage of the total EE Shares in issue</b> %	<b>Total consideration paid</b> <i>HK\$</i>
4 September 2020	the Offeror	0.25	19,800,000	2.13	4,950,000

As at the Latest Practicable Date, the Offeror and parties acting in concert with it held 275,687,665 EE Shares in aggregate, representing approximately 29.60% of the total issued share capital of EE. Please refer to the paragraph headed “Shareholdings in EE” in this letter.

Save as aforesaid, as at the Latest Practicable Date, neither the Offeror nor parties acting in concert with it held, controlled or had direction over any EE Shares or held any convertible securities, warrants, options or derivatives in respect of the EE Shares.

### 15. INFORMATION ON THE EASYKNIT GROUP

The Offeror is a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Easyknit. As at the Latest Practicable Date, the directors of the Offeror are Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky, the executive Easyknit Directors are Ms. Koon Ho Yan, Candy, Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky and the independent non-executive Easyknit Directors are Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles.

The Easyknit Group is principally engaged in property development, property investment, securities investment and loan financing businesses. One of the core businesses of the Easyknit Group is property development. The Easyknit Group has extensive experience in property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Another core business of the Easyknit Group is property investment. The Easyknit Group’s investment properties comprise residential, commercial and industrial properties in Hong Kong.

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# LETTER FROM ALTUS INVESTMENTS

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## 16. OFFEROR'S REASONS FOR AND BENEFITS OF THE SHARE OFFER

The Offeror adopts the views of Easyknit, which is understood to be as follows:

The Easyknit Group considers EE to be an attractive acquisition opportunity. Easyknit (i) is prudently optimistic about the long-term prospects of the Hong Kong property market; and (ii) considers the EE Shares is undervalued as the EE Share price dropped from its recent-high in 2019 at the highest closing price of HK\$1.74. Between 12 February 2020 to 2 March 2020, Easyknit, through the Offeror, on-market acquired a total of 71,055,000 EE Shares, representing approximately 7.63% of the then total issued share capital of EE. On 4 September 2020, the Easyknit Group acquired additional EE Shares through on-market purchases of a total of 19,800,000 EE Shares, representing approximately 2.13% of the then total issued share capital of EE. As a result, the Easyknit Group's ownership of voting rights in EE was approximately 29.60% as at the Latest Practicable Date.

Set out below are observations of Easyknit in relation to EE's investment fundamentals.

### 1. Prudently optimistic about the long-term prospects of the property market

EE's major business segments include property development and property investment, comprising the ownership and rental of investment properties, investment in securities and loan financing. EE's property interests comprise of a mix of residential, commercial and industrial properties, which represent approximately 16%, 33% and 51% of its property interests based on the latest valuation set out in Appendix III "Property valuation of the EE Group" to this Composite Document. For details of the property interests of the EE Group, please refer to Appendix III "Property valuation of the EE Group" to this Composite Document. For the past few years, Hong Kong's property market, and hence EE's business performance, have been adversely affected by the macro environment including (i) the Sino-U.S. trade dispute since the second half of 2018; (ii) the social unrest in Hong Kong after June 2019; and (iii) the global outbreak of COVID-19 in early 2020.

Easyknit expects that the impact from the Sino-U.S. trade dispute will continue to linger and the economic outlook of Hong Kong will remain uncertain until the COVID-19 pandemic subsides. As the work-from-home model has become prevalent during the COVID-19 pandemic, this working mode may become permanent or widespread for certain sectors, implying a potential lower demand for office space in the future. Further, as tourist shopping expenditure contributes significantly to the total retail sector in Hong Kong, the compulsory quarantine arrangements will continue to deter travelers from visiting Hong Kong, putting downward pressure on the retail sector and in turn the demand for shops/commercial spaces, adversely affecting rental payments to landlords.

Despite the uncertainties on the economic outlook caused by the softening global economic growth and the outbreak of COVID-19, Easyknit remains prudently optimistic about the long-term prospects of the Hong Kong property market and believes the market will continue to grow over the longer term considering the macroeconomic fundamentals set out below:

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## LETTER FROM ALTUS INVESTMENTS

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*(i) the growth prospects of Hong Kong's economy as part of the Guangdong-Hong Kong-Macau Greater Bay Area and hence the demand of its properties*

With reference to the “2020 Economic Background and 2021 Prospects” issued by the Government of the Hong Kong Special Administrative Region (the “**Hong Kong Government**”), the Easyknit Board noted that the “14<sup>th</sup> Five-Year Plan” for 2021-2025 of China increased emphasis on “dual circulation”, in which the Guangdong-Hong Kong-Macau Greater Bay Area will be an important entry point for Hong Kong to participate in the domestic circulation.

Hong Kong's “One Country, Two Systems” and strong competitive edges in high-value added professional and business services allow Hong Kong to play the role as an “intermediary” and “facilitator” in the development of China's external circulation. The potential benefits in participating in the external circulation set a solid foundation for Hong Kong's economy to grow.

In the long run, property prices will be determined by the economic strength of the region as higher income would increase both demand for (i) consumption of properties (self-occupied properties); and (ii) investment in properties. Given that Hong Kong's economy is set to benefit from the Guangdong-Hong Kong-Macau Greater Bay Area, the Easyknit Board considers that demand for Hong Kong properties will also increase.

*(ii) increasing fundamental demand for properties due to the rising number of domestic households*

The statistics on domestic households published by the Census and Statistics Department show a continuing increase in number of domestic households from 2,534,700 in 2017 to 2,684,700 in 2020. The Census and Statistics Department estimates the number of domestic households to further increase to 2,734,500 by 2024. Such rise in domestic households will result in demand for housing.

*(iii) limited land supply in Hong Kong, in particular the limited short-term supply due to delays in government approvals*

According to the 2020 Policy Address issued by the chief executive of the Hong Kong Government, the Hong Kong Government has identified 330 hectares of land required for providing 316,000 public housing units. Of the 316 000 units, about one-third are scheduled for completion in the first five-year period (i.e. 2021-22 to 2025-26) whereas the other two-third fall in the second five-year period (i.e. 2026-27 to 2030-31).

Despite the Hong Kong Government's efforts, as shown above, the short-term land supply (only one-third of the increased supply can be completed by 2026) remains limited as time is required for implementation of the Hong Kong Government's plan to raise land supply. A rise in demand, coupled with limited supply will exert upward pressure on general prices in the housing market, which will bolster the real estate market.

## LETTER FROM ALTUS INVESTMENTS

*(iv) loose monetary policy resulting in lower interest rates, which support mortgage's affordability and hence the demand for properties*

One-month Hong Kong Interbank Offered Rate has been on a decreasing trend, falling from 2.680% as at 31 December 2019 to 0.180% as at 31 December 2020 and a further decrease to 0.120% as at 25 February 2021.

The low interest rate reduces the financial burden of the mortgagor and hence could increase the demand for properties.

*(v) favourable government policies*

These favourable government policies include (a) introduction of a pilot scheme for charging land premium at "standard rates" for industrial buildings (target to launch in early 2021); and (b) the abolishment of doubled Ad Valorem Stamp Duty for non-residential property transactions is effective from 26 November 2020, which decreased the maximum to 4.25% from previously 8.5% on non-residential property transactions. Such policies are designed to incentivise property acquisition and should lift market demand.

### 2. Undervaluation of the EE Shares

Set out below is a table illustrating the historical average market capitalisation of EE against the EE Group's published net asset value attributable to equity holders during the relevant periods:

	Net asset value attributable to equity holders <sup>(i)</sup> HK\$'000	Average market capitalisation of EE <sup>(ii)</sup> HK\$'000	Approximate discount to net asset value attributable to equity holders <sup>(iii)</sup> %
As at 31 March 2016	2,324,444	260,668	88.8
As at 30 September 2016	2,371,098	263,578	88.9
As at 31 March 2017	2,715,288	154,086	94.3
As at 30 September 2017	2,566,539	184,309	92.8
As at 31 March 2018	2,715,288	223,272	91.8
As at 30 September 2018	2,631,487	218,418	91.7
As at 31 March 2019	2,734,170	132,554	95.2
As at 30 September 2019	2,788,849	369,338	86.8
As at 31 March 2020	2,941,869	312,623	89.4
As at 30 September 2020	2,904,042	358,429 <sup>(iv)</sup>	87.7 <sup>(iv)</sup>
		(up to the Last Trading Date)	

Source: The Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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## LETTER FROM ALTUS INVESTMENTS

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*Notes:*

- (i) The audited and unaudited consolidated net asset value attributable to equity holders as at the respective year/period end dates were extracted from the respective annual/interim reports published by EE.
- (ii) Represents the average market capitalisation of EE during the period from the trading day following the publication by EE of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
- (iii) Represents the discount of the average market capitalisation to the net asset value attributable to equity holders as at the respective year/period end date.
- (iv) Represents the average market capitalisation during the period from 23 November 2020, being the trading day following the publication by EE of its unaudited 2020 interim results, to the Last Trading Date.

While the market capitalisation of EE fluctuates, overall it has declined from its last high in 2019 but Easyknit has observed that the business fundamentals of EE have not materially and adversely changed. Instead, the net asset value attributable to equity holders as at 30 September 2020 improved compared to that recorded as at 31 March 2018 as shown in the above table, mainly due to rise in the book-value of the properties (being the property development projects or the investment properties) which are indicators of a property company's future earnings potential.

Easyknit noted that the EE Shares have consistently traded at substantial discounts to the net asset value attributable to equity holders for the past three financial years. Easyknit also noted that the current discount of the EE share price to its net asset value is much deeper than that of most of the market peers of EE.

In light of the above, Easyknit considers EE to be an attractive acquisition opportunity and considers it to be an opportune time to acquire control of EE.

In addition, the Easyknit Directors consider the Share Offer to be an effective channel for Easyknit to expand into the non-residential property development sector. The Easyknit Directors expect such expansion to create synergy values by achieving greater business coherence and enhancing resources allocation.

Accordingly, the Easyknit Directors are of the view that the terms of the Share Offer are fair and reasonable and the possible very substantial acquisition is in the interests of Easyknit and the shareholders of Easyknit as a whole.

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## LETTER FROM ALTUS INVESTMENTS

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### 17. OFFEROR'S INTENTIONS REGARDING THE EE GROUP

The Offeror adopts the approach of Easyknit, which is understood to be as follows:

Easyknit does not at present and in the near term intend to dispose of or redeploy the assets of the EE Group other than in the ordinary course of business and has no intention to change the existing management of the EE Group. On completion of the Share Offer, EE, which is at present recognised as an associate in the books of Easyknit will become a subsidiary of Easyknit and Easyknit will review with EE Board their respective businesses and operations and whether changes are desirable in order to maximise efficiencies and exploit possible synergies. If any changes are proposed as a result of that review, they will be made in compliance with the Listing Rules and (if relevant at the time) the Takeovers Code.

It is also the intention of Easyknit that the business of the EE Group, the employment of the existing employees of the EE Group and the directorship of the existing directors of the EE Group will be continued following completion of the Share Offer except for changes which may occur in the ordinary course of business.

**The Stock Exchange has stated that if, upon the close of the Share Offer, less than the minimum prescribed percentage applicable to EE, being 25% of the issued EE Shares, are held by the public, or if the Stock Exchange believes that:**

- a false market exists or may exist in the trading of the EE Shares; or
- that there are insufficient EE Shares in public hands to maintain an orderly market,

**then the Stock Exchange will consider exercising its discretion to suspend dealings in the EE Shares.**

**The Offeror, Easyknit and EE intend EE to remain listed on the Stock Exchange. The directors of the Offeror, Easyknit and EE will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares.**

### 18. TAXATION AND INDEPENDENT ADVICE

EE Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Share Offer. It is emphasised that none of the Offeror, EE, Altus Investments, the EE Independent Financial Adviser and the Registrar, nor any of their respective directors, officers or associates or any other person involved in the Share Offer, accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their accepting or not accepting the Share Offer.



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## LETTER FROM ALTUS INVESTMENTS

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### 19. FURTHER TERMS OF THE SHARE OFFER

The Share Offer is subject to the Conditions. If any of the Conditions are not satisfied or waived on or before the Conditions Long Stop Date, the Share Offer will lapse. The Offeror will issue an announcement stating whether the Share Offer has been revised or extended, has expired or has become or been declared unconditional (and, in such case, whether as to acceptances or in all respects), by 7:00 p.m. on the Closing Date in accordance with the Takeovers Code. The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or waived, as applicable), the EE Shareholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

**Please refer to Appendix I “Further terms and procedures of acceptance of the Share Offer” to this Composite Document for further terms of the Share Offer.**

### 20. GENERAL

To ensure equality of treatment of all Independent EE Shareholders, those registered Independent EE Shareholders who hold EE Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of EE Shares by each beneficial owner separately. In order for the beneficial owners of the EE Shares whose investments are registered in the names of nominee to accept the Share Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Share Offer. Your attention is drawn to the paragraph headed “Further terms and procedures of acceptance of the Share Offer” in Appendix I of this Composite Document.

All documents and remittances to the Independent EE Shareholders will be sent to them by ordinary post at their own risk to their addresses as they appear in the register of members of EE or, in the case of joint Independent EE Shareholders, to the Independent EE Shareholder whose name appears first in the branch register of members of EE. None of the Offeror, EE, Altus Investments nor any of their respective directors or professional advisers or any other persons involved in the Share Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

### 21. ADDITIONAL INFORMATION

Your attention is drawn to the “Letter from the EE Board”, the “Letter from the EE Independent Board Committee”, the “Letter from the EE Independent Financial Adviser”, the accompanying Form of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,  
For and on behalf of  
**Altus Investments Limited**  
**Jeanny Leung**  
*Executive Director*

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## LETTER FROM THE EE BOARD

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

*Executive Directors:*

Mr. Lai Law Kau

*(Chairman and Chief Executive Officer)*

Ms. Lui Yuk Chu *(Deputy Chairman)*

Mr. Kwong Jimmy Cheung Tim

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Wu Koon Yin Welly

*Head office and principal place  
of business in Hong Kong:*

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481-483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

26 March 2021

*To the Independent EE Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY  
ALTUS INVESTMENTS LIMITED  
FOR AND ON BEHALF OF  
THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF  
EASYKNIT INTERNATIONAL HOLDINGS LIMITED  
FOR ALL THE ISSUED SHARES OF  
EMINENCE ENTERPRISE LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT)**

### 1. INTRODUCTION

Reference is made to the Joint Announcement dated 11 February 2021 published by Easyknit and EE in respect of, among other things, a pre-conditional voluntary conditional cash offer by Altus Investments on behalf of the Offeror, a wholly-owned subsidiary of Easyknit, to acquire all of the issued shares of EE (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and the joint announcement dated 19 March 2021 published by EE, Easyknit and the Offeror in respect of the satisfaction of the Pre-Condition.

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## LETTER FROM THE EE BOARD

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Ms. Lui Yuk Chu, as an executive director of both Easyknit and EE, chose to abstain from voting on the relevant board resolution relating to the Share Offer at the board meetings of Easyknit and EE.

The purpose of this Composite Document (of which this letter forms part) is to provide you with, among other things (i) a letter from Altus Investments containing, among other things, details of the Share Offer; (ii) a letter from the EE Independent Board Committee containing its recommendations to the Independent EE Shareholders in relation to the Share Offer; and (iii) a letter from the EE Independent Financial Adviser containing its advice and recommendations to the EE Independent Board Committee in relation to the Share Offer.

### **2. EE INDEPENDENT BOARD COMMITTEE AND EE INDEPENDENT FINANCIAL ADVISER**

An independent board committee comprising all the independent non-executive EE Directors, all of whom are independent of the Offeror, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming, and Mr. Wu Koon Yin Welly, has been established to advise the Independent EE Shareholders in respect of the Share Offer.

Red Sun has been appointed as the EE Independent Financial Adviser to advise the EE Independent Board Committee as to whether the terms of the Share Offer are fair and reasonable so far as the Independent EE Shareholders are concerned and whether the Independent EE Shareholders should accept the Share Offer. The appointment of Red Sun has been approved by the EE Independent Board Committee.

### **3. THE SHARE OFFER**

As disclosed in the “Letter from Altus Investments” in this Composite Document, Altus Investments, on behalf of the Offeror, is making the Share Offer on the following basis:

Altus Investments, on behalf of the Offeror, is offering to acquire, on the terms and subject to the conditions set out in this Composite Document and in the accompanying Form of Acceptance, all the issued EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with any of them). The Share Offer is made on the following basis:

For each EE Share . . . . . Share Offer Price, being HK\$0.50 in cash

As at the Latest Practicable Date, there were 931,458,010 EE Shares in issue. At the Share Offer Price of HK\$0.50 per EE Share, the entire issued share capital of EE would be valued at HK\$465,729,005.

As at the Latest Practicable Date, based on the issued share capital of EE of 931,458,010 EE Shares, and after deducting the 275,687,665 EE Shares owned by the Easyknit Group (through the Offeror, Landmark Profits and Goodco), there are 655,770,345 EE Shares subject to the Share Offer. The Share Offer is valued at approximately HK\$327.9 million based on the Share Offer Price.

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## LETTER FROM THE EE BOARD

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As at the date of this Composite Document, there is no dividend declared but unpaid and the EE Board has not decided whether to recommend the payment of any dividend for the year ending 31 March 2021 (“**2021 Dividend**”) to the EE Shareholders. The EE Board will consider whether to recommend a payment of a 2021 Dividend when it meets to consider the consolidated results of EE for the year ending 31 March 2021. Such meeting is expected to take place by end of June 2021.

In the event that any dividends or distributions are declared, paid or made by EE on or after the date of this Composite Document before the close of the Share Offer, the amount of such dividends or other distributions will be deducted from the Share Offer Price.

Further details of the Share Offer can be found in the “Letter from Altus Investments” and Appendix I “Further terms and procedures of acceptance of the Share Offer” to this Composite Document and the accompanying Form of Acceptance, which together set out the terms and conditions of the Share Offer and certain related information.

#### **4. VALUE OF THE SHARE OFFER**

Your attention is drawn to the paragraph headed “Value of the Share Offer” in the “Letter from Altus Investments” in this Composite Document which sets out the value of the Share Offer.

#### **5. CONDITIONS OF THE SHARE OFFER**

Your attention is drawn to the paragraph headed “Conditions of the Share Offer” in the “Letter from Altus Investments” in this Composite Document which sets out the conditions to the Share Offer.

#### **6. OFFEROR’S REASONS FOR AND BENEFITS OF THE SHARE OFFER**

Your attention is drawn to the paragraph headed “Offeror’s reasons for and benefits of the Share Offer” in the “Letter from Altus Investments” in this Composite Document.

#### **7. OFFEROR’S INTENTIONS REGARDING THE EE GROUP**

Your attention is drawn to the paragraph headed “Offeror’s intentions regarding the EE Group” in the “Letter from Altus Investments” in this Composite Document.

The EE Board is aware of and welcomes the Offeror’s intentions as set out in the paragraph headed “Offeror’s intentions regarding the EE Group” in the “Letter from Altus Investments” in this Composite Document that, among other things, (i) Easyknit does not intend to dispose of or redeploy the assets of the EE Group other than in the ordinary course of business and has no intention to change the existing management of the EE Group; and (ii) the employment of the existing employees of the EE Group and the directorship of the existing directors of the EE Group will be continued following completion of the Share Offer except for changes which may occur in the ordinary course of business, and is willing to render reasonable cooperation with the Offeror and will continue to act in the best interests of the EE Group and the EE Shareholders as a whole.

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## LETTER FROM THE EE BOARD

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The Stock Exchange has stated that if, upon the close of the Share Offer, less than the minimum prescribed percentage applicable to EE, being 25% of the issued EE Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the EE Shares; or
- that there are insufficient EE Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the EE Shares.

The Offeror, Easyknit and EE intend EE to remain listed on the Stock Exchange. The directors of the Offeror, Easyknit and EE will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares.

### 8. INFORMATION ON THE EASYKNIT GROUP

Your attention is drawn to the paragraphs headed “Information on the Easyknit Group” in the “Letter from Altus Investments” in this Composite Document for information on the Offeror and the Easyknit Group.

### 9. INFORMATION ON THE EE GROUP

EE was incorporated in Bermuda on 14 June 1991 and has been listed on the Stock Exchange since 1991. The EE Group is principally engaged in property development, property investment, securities investment and loan financing businesses.

Your attention is also drawn to the financial information of the EE Group set out in Appendix II “Financial information of the EE Group”, the property valuation of the EE Group set out in Appendix III “Property valuation of the EE Group” and general information of EE set out in Appendix IV “General Information of the Offeror and the EE Group” to this Composite Document.

### 10. PUBLIC FLOAT OF EE

There is a possibility that the public will hold less than 25% of the EE Shares upon closing of the Share Offer depending on the level of acceptances. Your attention is drawn to the paragraph headed “9. Compulsory acquisition and maintaining the listing status of EE” in the “Letter from Altus Investments” in this Composite Document.

### 11. ADDITIONAL INFORMATION

You are advised to read the “Letter from Altus Investments”, Appendix I “Further terms and procedures of acceptance of the Share Offer” to this Composite Document and the accompanying Form of Acceptance for information relating to the Share Offer, the acceptance and settlement procedures of the Share Offer, the making of the Share Offer to the Overseas EE Shareholders and taxation. Your attention is also drawn to the additional information contained in the appendices to this Composite Document.

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## LETTER FROM THE EE BOARD

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### 12. RECOMMENDATIONS

Your attention is also drawn to the “Letter from the EE Independent Board Committee”, the full text of which is set out on pages 25 to 26 of this Composite Document, and the “Letter from the EE Independent Financial Adviser”, the full text of which is set out on pages 27 to 52 of this Composite Document. You are advised to read both letters and the other information contained in this Composite Document carefully before taking any action in respect of the Share Offer.

The EE Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Share Offer.

Yours faithfully,  
By Order of the EE Board  
**EMINENCE ENTERPRISE LIMITED**  
**LAI LAW KAU**  
*Chairman and Chief Executive Officer*



**EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

26 March 2021

*To the Independent EE Shareholders*

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY  
ALTUS INVESTMENTS LIMITED  
FOR AND ON BEHALF OF  
THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF  
EASYKNIT INTERNATIONAL HOLDINGS LIMITED  
FOR ALL THE ISSUED SHARES OF  
EMINENCE ENTERPRISE LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY THE OFFEROR AND  
PARTIES ACTING IN CONCERT WITH IT)**

**INTRODUCTION**

We refer to this composite document dated 26 March 2021 jointly issued by the Offeror and EE in relation to the Share Offer (the “**Composite Document**”) of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein have the same meanings as defined in this Composite Document.

We have been appointed as the EE Independent Board Committee to consider and to advise the Independent EE Shareholders as to whether or not the terms of the Share Offer are fair and reasonable, and to make a recommendation to the Independent EE Shareholders in respect of the Share Offer.

We, being the members of the EE Independent Board Committee, declare that we are independent and do not have any conflict of interest in respect of the Share Offer and are therefore able to consider the terms of the Share Offer and to make recommendations to the Independent EE Shareholders. Pursuant to Rule 2.8 of the Takeovers Code, the EE Independent Board Committee comprises all the independent non-executive EE Directors who have no direct or indirect interest in the Share Offer.

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## LETTER FROM THE EE INDEPENDENT BOARD COMMITTEE

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Red Sun has been appointed, with our approval, as the EE Independent Financial Adviser to advise and make recommendations to us as to the terms and conditions of the Share Offer and as to acceptances of the Share Offer. The details of its advice and recommendations and the principal factors taken into consideration in arriving at its recommendations are set out in the “Letter from the EE Independent Financial Adviser” set out in this Composite Document.

We also wish to draw your attention to the “Letter from Altus Investments”, the “Letter from the EE Board” and the additional information set out in this Composite Document, including the appendices to this Composite Document and the accompanying Form of Acceptance.

### RECOMMENDATIONS

Having taken into account the advice and recommendations of the EE Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the “Letter from the EE Independent Financial Adviser”, we concur with the view of the EE Independent Financial Adviser and consider that the terms of the Share Offer are fair and reasonable so far as the Independent EE Shareholders are concerned, and recommend the Independent EE Shareholders to accept the Share Offer. Notwithstanding our recommendations, the Independent EE Shareholders are strongly advised to monitor the trading price and liquidity of the EE Shares during the period of the Share Offer and that their decision to realise or to hold their investment in EE depends on their own individual circumstances and investment objectives. If in any doubt, the Independent EE Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,  
For and on behalf of

**EE Independent Board Committee**

**Kan Ka Hon**  
*Independent*  
*non-executive EE Director*

**Lau Sin Ming**  
*Independent*  
*non-executive EE Director*

**Wu Koon Yin Welly**  
*Independent*  
*non-executive EE Director*



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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter of advice from Red Sun to the EE Independent Board Committee and the Independent EE Shareholders which has been prepared for the purpose of inclusion in the Composite Document.*



**紅日資本有限公司**  
**RED SUN CAPITAL LIMITED**

Room 3303, 33/F  
West Tower, Shun Tak Centre  
168-200 Connaught Road Central  
Hong Kong

26 March 2021

*To the EE Independent Board Committee and the Independent EE Shareholders*

Dear Sir/Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY  
ALTUS INVESTMENTS LIMITED  
FOR AND ON BEHALF OF  
THE OFFEROR, A WHOLLY-OWNED SUBSIDIARY OF  
EASYKNIT INTERNATIONAL HOLDINGS LIMITED  
FOR ALL ISSUED SHARES OF  
EMINENCE ENTERPRISE LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY  
THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)**

## **INTRODUCTION**

We refer to our appointment as the EE Independent Financial Adviser to advise the EE Independent Board Committee in respect of the Share Offer, details of which are set out in the Composite Document dated 26 March 2021, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context otherwise requires.

Reference is made to the Joint Announcement dated 11 February 2021 published by Easyknit and EE and the joint announcement dated 19 March 2021 published by EE, Easyknit and the Offeror in respect of the fulfillment of the pre-condition in respect of a pre-conditional voluntary conditional cash offer by Altus Investments for and on behalf of the Offeror, a wholly-owned subsidiary of Easyknit, to acquire all issued shares of EE (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

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## **LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER**

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As at the Latest Practicable Date, there were 931,458,010 EE Shares in issue, of which 275,687,665 EE Shares or approximately 29.60% are held by the Offeror and parties acting in concert with it. In addition, Goodco, a party acting in concert with the Offeror (being a wholly-owned subsidiary of Easyknit, which is the parent company of the Offeror), holds the Goodco Convertible Notes with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently HK\$0.25 (subject to adjustment) all due on 28 August 2024. As Goodco is also a wholly-owned subsidiary of Easyknit and is a party acting in concert with the Offeror, no offer will be made for the Goodco Convertible Notes under Rule 13 of the Takeovers Code. Save for the above, there were no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into EE Shares as at the Latest Practicable Date.

### **THE INDEPENDENT BOARD COMMITTEE**

The EE Board has established the EE Independent Board Committee, comprising all independent non-executive EE Directors, being Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, to advise the Independent EE Shareholders in respect of the terms of the Share Offer and as to acceptance of the Share Offer.

We, Red Sun, have been appointed by EE as the EE Independent Financial Adviser to advise the EE Independent Board Committee in relation to the Share Offer. Pursuant to Rule 2.1 of the Takeovers Code, our appointment has been approved by the EE Independent Board Committee. Our role as the EE Independent Financial Adviser is to give our recommendation to the EE Independent Board Committee as to (i) whether the terms of the Share Offer are fair and reasonable so far as the Independent EE Shareholders are concerned; and (ii) whether the Independent EE Shareholders should, or should not, accept the Share Offer.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we were, and we remain, independent from and not connected with EE, Easyknit, the Offeror and any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are qualified to give independent advice to the EE Independent Board Committee in respect of the Share Offer. In the last two (2) years, we have acted as the independent financial adviser to independent board committees and independent shareholders of EE in relation to (i) proposed connected transaction relating to a very substantial disposal, the announcements of which were published on 9 November 2020, 4 January 2021, 22 January 2021 and 19 February 2021; (ii) alteration of terms of the convertible notes, as in the circular of EE dated 30 October 2020; (iii) a proposed rights issue on the basis of four (4) rights shares for every one (1) consolidated share, as in the circular of EE dated 17 December 2019 and relevant adjustments to the terms of the convertible notes as a result of the rights issue; (iv) a connected transaction relating to the proposed issue of convertible note under specific mandate, as in the circular of EE dated 2 August 2019; and (v) a connected transaction relating to very substantial acquisition and very substantial disposal, as in the circular of EE dated 12 February 2019. Apart from the abovementioned independent financial adviser roles, we have not acted in any capacity for EE, Easyknit and the Offeror in the past two (2) years.

Apart from normal professional fees paid or payable to us in connection with this appointment as the EE Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from EE.

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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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## BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the Composite Document and the information and representations provided to us by the EE Directors and the management of EE (the “**Management**”). We have assumed that all statements, information and representations provided by the EE Directors and the Management, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and that the EE Shareholders will be notified of any material changes to such information and representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion and expectation made by the EE Directors in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by EE, its advisers, the EE Directors and/or the Management. We believe that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have also sought and received confirmation from the executive EE Directors that no material facts have been omitted from the information supplied and opinions expressed to us. Our review and analyses were based upon, among others, the information provided by EE and certain published information from the public domain including, the annual reports of EE for the three years ended 31 March 2018, 2019 and 2020, and the interim reports of EE for the six months ended 30 September 2019 and 2020 and other information as set out in the Composite Document and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the EE Directors and the Management, nor have we conducted an independent investigation into the business and affairs of EE, Easyknit, the Offeror and their respective shareholder(s) and subsidiaries or affiliates, and their respective histories, experience and track records, or the prospects of the markets in which they respectively operate. Our opinion is necessarily based on financial, economic, market and other conditions in effect and the information made available to us at the Latest Practicable Date.

The directors of the Offeror and Easyknit Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the EE Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the EE Directors) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement in the Composite Document misleading.

The EE Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document relating to the EE Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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We have not considered the tax and regulatory implications on the Independent EE Shareholders of acceptance or non-acceptance of the Share Offer since these depend on their individual circumstances. In particular, the Independent EE Shareholders who are resident overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional adviser.

This letter is issued for the information of the EE Independent Board Committee and the Independent EE Shareholders solely in connection with their consideration of the Share Offer, and except for its inclusion in the Composite Document, is not to be quoted or referred to, in whole or in part, except in announcement and other document(s) in connection with the Share Offer nor shall this letter be used for any other purposes, without our prior written consent.

## PRINCIPAL TERMS OF THE SHARE OFFER

Set out below are the summary of terms and conditions of the Share Offer, for details please refer to the “Letter from Altus Investments” as contained in the Composite Document.

### 1. The Share Offer

Altus Investments, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making a voluntary conditional cash offer to acquire all the EE Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) at the following price:

**For each EE Share . . . . . Share Offer Price, being HK\$0.50 in cash**

As set out in the “Letter from Altus Investments” to the Composite Document, the Share Offer Price of HK\$0.50 per EE Share represents:

- (a) a premium of approximately 6.4% over the closing price of HK\$0.470 per EE Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 23.5% over the closing price of HK\$0.405 per EE Share as quoted on the Stock Exchange on 3 February 2021, being the Last Trading Date;
- (c) a premium of approximately 22.2% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Date of approximately HK\$0.409 per EE Share;
- (d) a premium of approximately 21.1% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Date of approximately HK\$0.413 per EE Share;
- (e) a premium of approximately 24.0% over the average of the closing prices per EE Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Date of approximately HK\$0.403 per EE Share;

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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- (f) a discount of approximately 84.2% to the audited consolidated net asset value per EE Share attributable to the EE Shareholders as at 31 March 2020 of approximately HK\$3.158 per EE Share calculated based on the audited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,941.9 million as at 31 March 2020 as extracted from the annual report of EE for the year ended 31 March 2020 and 931,458,010 EE Shares then in issue;
- (g) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.118 per EE Share calculated based on the unaudited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,904.0 million as at 30 September 2020 as extracted from the interim report of EE for the six months ended 30 September 2020 and 931,458,010 EE Shares then in issue; and
- (h) a discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.238 per EE Share calculated based on the Reassessed NAV of approximately HK\$3,016.5 million as at 30 September 2020 as set out in Appendix II “Financial information of the EE Group” to this Composite Document and 931,458,010 EE Shares then in issue as at 31 January 2021.

### 2. Conditions of the Share Offer

As at the Latest Practicable Date, Easyknit and parties acting in concert with it held 275,687,665 EE Shares, representing approximately 29.60% of the EE Shares in issue. In addition, Goodco (a party acting in concert with the Offeror) holds the Goodco Convertible Notes with an outstanding aggregate principal amount of HK\$97,280,000 at a conversion price that is currently HK\$0.25 (subject to adjustment).

The Share Offer is subject to the fulfilment or waiver of the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive) in respect of the EE Shares which, together with the EE Shares owned or acquired or agreed to be acquired before or during the Share Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of EE, i.e. more than 465,729,005 EE Shares (based on the number of EE Shares in issue at the Latest Practicable Date);
- (b) the EE Shares remaining listed on the main board of the Stock Exchange up to the Closing Date (or, if earlier, the Offer Unconditional Date), the trading of which not being suspended for a period of thirty (30) consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the EE Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the EE Shares pending the release of any announcement in respect of the Share Offer);

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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- (c) none of the members of the EE Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the EE Group as a whole and no such litigation, arbitration or governmental proceeding has been threatened in writing to EE and there are no circumstances likely to give rise to any such litigation, arbitration or governmental proceeding; and
- (d) EE has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning EE or any member of the EE Group in any jurisdiction that is material to the EE Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened.

The Offeror reserves the right to waive all or any of the Conditions to the Share Offer set out above, either in whole or in part, either generally or in respect of any particular matter, except for Condition (a) which may not be waived. If any of the Conditions are not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Share Offer will lapse.

As at the Latest Practicable Date, none of the Conditions had been fulfilled.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any Condition(s) to the Share Offer other than the acceptance condition, so as to cause the Share Offer to lapse as a basis for not proceeding with the Share Offer unless the circumstances which give rise to the right to invoke the Condition(s) to the Share Offer are of material significance to the Offeror in the context of the Share Offer.

Pursuant to Rule 15.3 of the Takeovers Code, where the Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than fourteen (14) days thereafter.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Share Offer or the fulfilment of the Conditions (as the case may be) in accordance with the Takeovers Code.

Except with the consent of the Executive, all Conditions must be fulfilled (or, if permissible, waived) or the Share Offer must lapse within twenty-one (21) days of the Closing Date or of the date the Share Offer becomes or is declared unconditional as to acceptances, whichever is the later.

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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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## PRINCIPAL FACTORS AND REASONS CONSIDERED

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

### 1. Financial information of the EE Group and outlook

#### *(a) Historical financial information of the EE Group*

As set out in the annual report of the EE Group for the year ended 31 March 2020 (the “**2020 Annual Report**”), the EE Group was principally engaged in property development, property investment, comprising the ownership and rental of investment properties, investment in securities and loan financing business which property development and property investment are the core businesses of the EE Group, in which approximately 75.8% of revenue was contributed from the property investment segment and the remaining was contributed from the loan financing segment for the year ended 31 March 2020.

Set out below are financial information of the EE Group extracted from (i) the consolidated income statements of the EE Group for the three years ended 31 March 2020 and the six months ended 30 September 2019 and 2020; and (ii) statements of financial position of the EE Group as at 31 March 2018, 31 March 2019, 31 March 2020, 30 September 2019 and 30 September 2020, which have been extracted from the 2020 Annual Report and the annual report for the year ended 31 December 2019 (the “**2019 Annual Report**”) and the interim report for the six months ended 30 September 2020 (the “**2020 Interim Report**”).

# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

**Table 1: Consolidated income statements of the EE Group**

	For the year ended 31 March			Six months ended 30 September	
	2020	2019	2018	2020	2019
	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (audited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue					
– Property					
Investment	61,142	42,627	33,012	30,008	29,892
– Property					
Development	–	–	–	–	–
– Investment in					
securities	–	–	–	–	–
– Loan financing	19,540	19,601	16,593	11,349	10,058
	<u>80,682</u>	<u>62,228</u>	<u>49,605</u>	<u>41,357</u>	<u>39,950</u>
Cost of services					
rendered	(4,227)	(3,271)	(2,880)	(1,800)	(2,088)
Gross profit	76,455	58,957	46,725	39,557	37,862
(Loss)/profit before					
taxation	(209,657)	50,910	54,608	(66,091)	(12,503)
Taxation	3,465	(400)	(1,069)	1,539	134
(Loss)/profit for the					
year/period	(206,192)	50,510	53,539	(64,552)	(12,369)

*Financial results for the six months ended 30 September 2020 (“1H2020”) compared to the six months ended 30 September 2019 (“1H2019”)*

As set out in Table 1 above, the revenue of the EE Group remained relatively stable at approximately HK\$41.4 million for 1H2020 and approximately HK\$40.0 million for 1H2019.

The EE Group recorded a loss for the period of approximately HK\$64.6 million for 1H2020 as compared to the loss for the period of approximately HK\$12.4 million for 1H2019. Such increase in loss was mainly attributable to (i) increase in loss on changes in fair value of investment properties to approximately HK\$12.3 million for 1H2020 from approximately HK\$1.7 million for 1H2019; (ii) increase in write-down on properties held for development for sale to approximately HK\$60.9 million for 1H2020 from approximately HK\$24.1 million for 1H2019; and (iii) no gain on disposal of subsidiaries recorded during 1H2020 compared with the gain on disposal of subsidiaries of approximately HK\$57.5 million recognised during 1H2019. Such increase in loss was partially offset by the net loss on modification of terms of convertible note recognised in 1H2019.



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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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*Financial results for the financial year ended 31 March 2020 (“FY2020”) compared to financial year ended 31 March 2019 (“FY2019”)*

As set out in Table 1 above, the EE Group’s audited consolidated revenue for FY2020 was approximately HK\$80.7 million, representing an increase of approximately 29.7% as compared to the revenue of approximately HK\$62.2 million for FY2019. According to the 2020 Annual Report, such increase in revenue was mainly attributable to the increase in rental income from newly acquired properties.

The EE Group recorded net loss for the year of approximately HK\$206.2 million for FY2020 as compared to the net profit for the year of approximately HK\$50.5 million for FY2019, which was mainly attributable to, among other things, (i) increase in loss on changes in fair value of investment properties to approximately HK\$66.6 million for FY2020 compared with the gain on changes in fair value of investment properties of approximately HK\$46.0 million recognised for FY2019; (ii) write-down on properties held for development for sale of approximately of HK\$134.3 million for FY2020 but there was no such write-down for FY2019; and (iii) net loss on modification of terms of convertible note issued by EE of approximately HK\$37.5 million for FY2020 but there was no such loss for FY2019. Such loss was partially offset by the increase in rental income from newly acquired properties and gain on the disposal of subsidiaries during FY2020.

*Financial results for the financial year ended 31 March 2019 compared to financial year ended 31 March 2018 (“FY2018”)*

As set out in Table 1 above, the EE Group’s audited consolidated revenue for FY2019 was approximately HK\$62.2 million, representing an increase of approximately 25.4% as compared to the revenue of approximately HK\$49.6 million for FY2018. According to the 2019 Annual Report, such increase in revenue was mainly attributable to the increase in the rental income from the property investment business and interest income from the loan financing business.

## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

The EE Group recorded net profit for the year of approximately HK\$50.5 million for FY2019, representing a decrease of approximately HK\$3.0 million as compared to the net profit of approximately HK\$53.5 million for FY2018. Such decrease was mainly attributable to, among other things, the increase in loss on changes in fair value of financial assets through profit or loss to approximately of HK\$16.3 million for FY2019 compared with such loss of approximately HK\$2.2 million recognised for FY2018, increase in administrative expenses to approximately HK\$48.3 million for FY2019 from approximately HK\$35.5 million for FY2018 and decrease in gain on changes in fair value of investment properties to approximately HK\$46.0 million for FY2019 from approximately HK\$72.3 million for FY2018, which has been offset by the increase in rental income to approximately HK\$42.6 million for FY2019 from approximately HK\$33.0 million for FY2018 and the increase in gain on disposal of a subsidiary of approximately HK\$43.1 million for FY2019.

**Table 2: Consolidated statements of financial position of the EE Group**

	As at 30 September 2020	As at 31 March		
	2020	2020	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)	(audited)
Non-current assets	1,456,367	1,400,202	1,418,452	1,944,228
Current assets	3,222,909	3,202,791	2,616,093	2,067,689
Non-current liabilities	1,230,629	1,122,480	753,266	707,315
Current liabilities	544,605	538,644	547,109	589,314
Net current assets	2,678,304	2,664,147	2,068,984	1,478,375
Equity attributable to the owners of EE	2,904,042	2,941,869	2,734,170	2,715,288

*Comparison of financial position as at 30 September 2020 and 31 March 2020*

As set out in Table 2 above, as at 30 September 2020, the EE Group recorded net current assets of approximately HK\$2,678.3 million (31 March 2020: approximately HK\$2,664.1 million). The EE Group's current assets increased from approximately HK\$3,202.8 million as at 31 March 2020 to approximately HK\$3,222.9 million as at 30 September 2020. Such increase was mainly attributable to the net effect of the increase in properties held for development for sale from approximately HK\$2,441.2 million as at 31 March 2020 to approximately HK\$2,664.7 million as at 30 September 2020 and the decrease in bank balances and cash from approximately HK\$357.8 million as at 31 March 2020 to approximately HK\$165.3 million as at 30 September 2020.

The EE Group recorded equity attributable to owners of EE of approximately HK\$2,904.0 million as at 30 September 2020 (31 March 2020: approximately HK\$2,941.9 million).

No dividends were paid, declared and proposed in respect of the years ended 31 March 2017, 2018, 2019 and 2020 and the six months period ended 30 September 2020.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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### *Comparison of financial position as at 31 March 2020 and 31 March 2019*

As set out in Table 2 above, as at 31 March 2020, the EE Group recorded net current assets of approximately HK\$2,664.1 million (31 March 2019: approximately HK\$2,069.0 million). The EE Group's current assets increased from approximately HK\$2,616.1 million as at 31 March 2019 to approximately HK\$3,202.8 million as at 31 March 2020. As per the 2020 Annual Report, such increase was mainly attributable to the increase in properties held for development for sale from approximately HK\$1,730.3 million as at 31 March 2019 to approximately HK\$2,441.2 million as at 31 March 2020 and the increase in bank balances and cash from approximately HK\$141.6 million as at 31 March 2019 to approximately HK\$357.8 million as at 31 March 2020; whereas the EE Group's current liabilities decreased from approximately HK\$547.1 million as at 31 March 2019 to approximately HK\$538.6 million as at 31 March 2020 which was mainly attributable to the combined effect of (i) the decrease in convertible notes of approximately HK\$17.6 million; (ii) the decrease in trade and other payables of approximately HK\$16.6 million; and (iii) the increase in secured bank borrowings of approximately HK\$24.6 million.

The EE Group recorded equity attributable to owners of EE of approximately HK\$2,941.9 million as at 31 March 2020 (31 March 2019: approximately HK\$2,734.2 million). Such increase was mainly attributable to the increase in current assets from approximately HK\$2,616.1 million as at 31 March 2019 to approximately HK\$3,202.8 million as at 31 March 2020 as discussed above.

### *Comparison of financial position as at 31 March 2019 and 31 March 2018*

As set out in Table 2 above, as at 31 March 2019, the EE Group recorded net current assets of approximately HK\$2,069.0 million (31 March 2018: approximately HK\$1,478.4 million). The EE Group's current assets increased from approximately HK\$2,067.7 million as at 31 March 2018 to approximately HK\$2,616.1 million as at 31 March 2019. Such increase was mainly attributable to the net effect of (i) the increase in properties held for development for sale of approximately HK\$95.3 million; (ii) the increase in loans receivable of approximately HK\$88.0 million; and (iii) the increase in financial assets at fair value through profit or loss of approximately HK\$69.3 million; whereas the EE Group's current liabilities decreased from approximately HK\$589.3 million as at 31 March 2018 to approximately HK\$547.1 million as at 31 March 2019 which was mainly attributable to the net effect of (i) the decrease in secured bank borrowings of approximately HK\$65.8 million; and (ii) the increase in trade and other payables of approximately HK\$31.1 million.

The EE Group recorded equity attributable to owners of EE of approximately HK\$2,734.2 million as at 31 March 2019 (31 March 2018: approximately HK\$2,715.3 million). Such increase was mainly attributable to increase in net current assets of approximately HK\$590.6 million and partially offset by (i) the decrease in non-current assets of approximately HK\$525.8 million and the increase in non-current liabilities of approximately HK\$46.0 million.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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*(b) Prospects and outlook of the Hong Kong property market*

According to the 2020 Annual Report, the EE Group recognised approximately HK\$851.4 million of non-current assets in Hong Kong as at 31 March 2020, representing over 60.0% of its total non-current assets, which mainly represented investment properties. The EE Group also recognised approximately HK\$2,441.2 million of properties held for development for sale which were property development projects in Hong Kong, representing over 76.0% of its total current assets as at 31 March 2020. The EE Group recorded an increase in its revenue of approximately HK\$18.5 million or 29.7% from approximately HK\$62.2 million for the year ended 31 March 2019 to approximately HK\$80.7 million for the year ended 31 March 2020. And therefore, the gross profit of the EE Group increased by approximately HK\$17.5 million or 29.7% from approximately HK\$59.0 million for the year ended 31 March 2019 to approximately HK\$76.5 million for the year ended 31 March 2020. However, the EE Group recognised audited loss for the year of approximately HK\$206.2 million, including loss on changes in fair value of investment properties of approximately HK\$66.6 million and write-down on properties held for development for sale of approximately HK\$134.3 million.

According to the 2020 Interim Report, the EE Group recorded a slight increase in its revenue of approximately HK\$1.4 million or 3.5% from approximately HK\$40.0 million for the six months ended 30 September 2019 to approximately HK\$41.4 million for the six months ended 30 September 2020. And therefore, the gross profit of the EE Group increased by approximately HK\$1.7 million or 4.5% from approximately HK\$37.9 million for the six months ended 30 September 2019 to approximately HK\$39.6 million for the six months ended 30 September 2020. However, the EE Group recognised an unaudited loss for the period of approximately HK\$64.6 million, including loss on changes in fair value of investment properties of approximately HK\$12.3 million and write-down on properties held for development for sale of approximately HK\$60.9 million. EE's property interests comprise of a mix of residential, commercial and industrial properties, which represent approximately 16%, 33% and 51%, respectively, of its property interests based on the latest valuation set out in Appendix III "Property valuation of the EE Group" to the Composite Document.

COVID-19 has brought significant adverse impact and volatility to the industry and the Hong Kong economy and is expected to continue to cast significant uncertainties to the value of and the rental income from the properties of the EE Group in the foreseeable future, given, among other things, COVID-19 might reduce household income due to unemployment and reduce spending power and demand for properties, according to the Census and Statistics Department of Hong Kong Government, the seasonally adjusted unemployment rate rose by 0.3 percentage points from September – November 2020 to 6.6% in October – December 2020, the highest in 16 years, and further increased to 7.0% in November 2020 – January 2021.

According to the information recorded in the Land Registry, the number of sale and purchase agreements for residential building units was fluctuated between 61,592 for 2017, 57,247 for 2018, 59,797 for 2019 and 59,880 for 2020. On the other hand, the number of sale and purchase agreements for non-residential building was also fluctuated between 22,224 for 2017, 21,946 for 2018, 15,007 for 2019 and 13,442 for 2020.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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In addition, according to the Hong Kong property review monthly supplement published by the Rating and Valuation Department in March 2021, the average consideration for domestic sales of (i) residential building units remained stable at approximately HK\$9.2 million in 2019 and approximately HK\$9.2 million in 2020; and (ii) non-residential building units decreased from approximately HK\$14.7 million in 2019 to approximately HK\$9.9 million in 2020. According to the Rating and Valuation Department, the private domestic rental indices in average was increased from approximately 193.0 for 2018 to approximately 194.4 for 2019 and decreased to approximately 180.5 for 2020. Besides, the private domestic price indices in average was increased from approximately 377.3 for 2018 to approximately 383.0 for 2019 and decreased to approximately 381.3 for 2020.

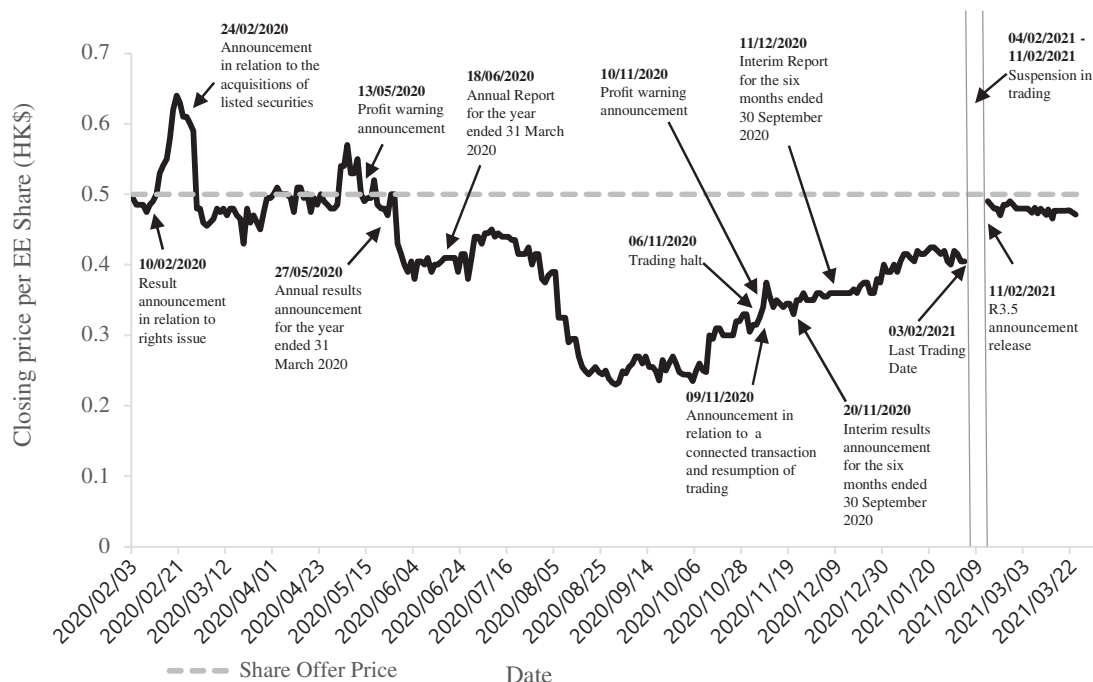
We have also reviewed the views of Easyknit in relation to the Hong Kong property market as set out in the section headed “Letter from Altus Investments – 16. Offeror’s reasons for and benefits of the Share Offer” in the Composite Document, including (i) the growth prospects of Hong Kong’s economy as part of the Guangdong-Hong Kong-Macau Greater Bay Area and hence the demand of its properties; (ii) increasing fundamental demand for properties due to the rising number of domestic households; (iii) limited land supply in Hong Kong, in particular the limited short-term supply due to delays in government approvals; (iv) loose monetary policy resulting in lower interest rates, which support mortgage’s affordability and hence the demand for properties; and (v) favourable government policies, and therefore Easyknit is prudently optimistic about the long-term prospects of the Hong Kong property market. However, taking into account that (i) the abovementioned factors by Easyknit may not be materialised in the short run given that there are several factors impacting the economy, such as the Sino-U.S. trade dispute and the COVID-19 pandemic; (ii) the seasonally adjusted unemployment rate rose to 7.0% in November 2020 - January 2021 according to the Census and Statistics Department of Hong Kong Government; (iii) the number of sale and purchase agreements for non-residential building experienced a decreasing trend from 22,224 in 2017 to 13,442 in 2020 according to the information recorded in the Land Registry; and (iv) the average consideration for domestic sales of non-residential building units decreased from approximately HK\$14.7 million in 2019 to approximately HK\$9.9 million in 2020 according to the Hong Kong property review monthly supplement published by the Rating and Valuation Department in March 2021, there remains uncertainties in respect to the Hong Kong property market.

Taking into consideration our findings as mentioned above, we are of the opinion that there remains uncertainty in the future performance of the EE Group.

# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

## 2. Historical Share price performance

We have reviewed and analysed the closing prices of the EE Shares during the period from 3 February 2020 being the date which is approximately one year prior to the Last Trading Date (the “**Pre-announcement Review Period**”), up to and including the Latest Practicable Date (the “**Review Period**”) below, which we consider to be long enough to illustrate the historical trend and level of movement of the closing prices of EE Shares:



Source: The Stock Exchange website (<http://www.hkex.com.hk>)

As shown in the above chart, the EE Shares were traded in a generally downward trend from 24 February 2020 to the Last Trading Date prior to publication of the Joint Announcement. During the Pre-announcement Review Period, the lowest closing price per EE Share was HK\$0.230, recorded on 31 August 2020 while the highest closing price per EE Share was HK\$0.640, recorded on 20 February 2020. The average daily closing price per EE Share was approximately HK\$0.399 per EE Share during the Pre-announcement Review Period. The average daily closing price per EE Share was approximately HK\$0.407 per EE Share during the Review Period.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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We note that the Share Offer Price of HK\$0.50 per EE Share is above most of the daily closing prices per EE Share throughout the Review Period and represents (i) a discount of approximately 21.88% from the highest closing price; (ii) a premium of approximately 117.39% to the lowest closing price; and (iii) a premium of approximately 22.85% from the average daily closing price during the Review Period. We also note that the prevailing market price of the EE Shares in the Pre-announcement Review Period demonstrated an overall declining trend as shown in the above diagram. In particular, (i) during the recent 30 trading days up to and including the Last Trading Date, the average daily closing price per EE Share was approximately HK\$0.403, the Share Offer Price of HK\$0.50 per EE Share represents a premium of approximately 24.07% from the average daily closing price per EE Share during the recent 30 trading days up to and including the Last Trading Date; (ii) during the recent 60 trading days up to and including the Last Trading Date, the average daily closing price per EE Share was HK\$0.379, the Share Offer Price of HK\$0.50 per EE Share represents a premium of approximately 31.93% from the average daily closing price per EE Share during the recent 60 trading days up to and including the Last Trading Date; and (iii) during the recent 90 trading days up to and including the Last Trading Date, the average daily closing price per EE Share was HK\$0.348, the Share Offer Price of HK\$0.50 per EE Share represents a premium of approximately 43.684% from the average daily closing price per EE Share during the recent 90 trading days up to and including the Last Trading Date.

After the publication of the Joint Announcement, the closing price of EE Shares surged to HK\$0.47 as at the Latest Practicable Date, representing an increase of approximately 16.0% from the closing price of the EE Shares on the Last Trading Date and being closer to the EE Share Offer Price of HK\$0.50 per EE Share. We have discussed with the Management regarding the possible reasons for the surge in the EE Share price after publication of the Joint Announcement and were advised that, save for the Share Offer, they were not aware of any matters which might had an impact on the price of EE Shares.

**Shareholders should note that the information set out above is not an indicator of the future performance of the EE Shares and that the price of the EE Shares may increase or decrease from its closing price as at the Latest Practicable Date.**

We note that the Share Offer Price of HK\$0.50 represents (i) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.118 per EE Share calculated based on the unaudited consolidated net assets of the EE Group attributable to the EE Shareholders of approximately HK\$2,904.0 million as at 30 September 2020 as extracted from the 2020 Interim Report and 931,458,010 EE Shares then in issue as at the Latest Practicable Date; and (ii) a discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.238 per EE Share calculated based on the Reassessed NAV of approximately HK\$3,016.5 million as at 30 September 2020. We note that (i) the discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders; and (ii) the discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders represented by the Share Offer Price are substantial.



## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

Considering that the EE Shares have been traded at a substantial discount to the unaudited consolidated net asset value per EE Share, ranging from a minimum discount of approximately 79.47% to a maximum discount of approximately 92.62% during the Review Period, we are of the view that the prevailing market price is more relevant factor in determining the fairness and reasonableness of the Share Offer Price. Discount to net asset value should be taken as a reference only. We consider that the current market price of the EE Shares directly reflects the value of the EE Share that is generally perceived by the market having taken into account all business segments of the EE Group as well as the prevailing market conditions. For details please see our analysis in relation to the historical trading price against net asset value per EE Share as below:

### *Historical trading price against net asset value per EE Share*

The table below illustrates the historical average closing price per EE Share against the EE Group's published net asset value per EE Share attributable to equity holders over the period from 31 March 2016 to 30 September 2020, covering five annual reports, which we consider to be reasonably long enough to illustrate the historical trend of the closing prices of EE Share, calculated based on the audited/unaudited consolidated net assets attributable to the EE Shareholders divided by the number of EE Shares in issue as at the relevant year/period:

<b>The annual results/ interim results for the year/period ended</b>	<b>Net asset value per EE Share attributable to equity holders</b> <i>(Note 1)</i> <i>HK\$</i>	<b>Average closing EE Share price</b> <i>(Note 2)</i> <i>HK\$</i>	<b>Discount to net asset value per EE Share attributable to equity holders</b> <i>(Note 3)</i>
31 March 2016	2.08	0.19	90.9%
30 September 2016	1.52	0.14	90.8%
31 March 2017	1.28	0.07	94.5%
30 September 2017	1.02	0.06	94.1%
31 March 2018	0.92	0.07	92.4%
30 September 2018	0.89	0.07	92.1%
31 March 2019	0.92	0.04	95.7%
30 September 2019	0.75	0.02	97.3%
		<i>(Note 4)</i>	
31 March 2020	3.16	0.34	89.2%
30 September 2020	3.12	0.38	87.8%
		<i>(Note 5)</i>	
30 September 2020	3.24	0.38	88.3%
	<i>(Note 6)</i>	<i>(Note 5)</i>	

Source: The Stock Exchange website ([www.hkex.com.hk](http://www.hkex.com.hk)) and Yahoo website (<https://finance.yahoo.com>)



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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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*Notes:*

1. Being the audited and unaudited consolidated net asset value attributable to equity holders as at the respective year/period end date as extracted from the respective annual/interim results announcement published by EE.
2. Representing the average closing EE Share price during the period from the trading day following the publication by EE of its audited annual results or unaudited interim results (as the case may be) to the trading day on which the subsequent unaudited interim results or audited annual results (as the case may be) were published.
3. Representing the discount of the average closing EE Share price to the net asset value attributable to equity holders per EE Share as at the respective year/period end date.
4. As a result of capital reorganisation became effective on 8 January 2020, every twenty issued and unissued then existing EE Share of HK\$0.01 each were consolidated into one consolidated share of HK\$0.2 each. For illustrative purpose, the average closing EE Share price for the period from 8 January 2020 to 27 March 2020 is calculated based on the closing price and adjusted by dividing the ratio of the such share consolidation, i.e. 20/1
5. Representing the average closing EE Share price during the period from 21 November 2020, being the trading day following the publication by EE of its unaudited interim results for the six months ended 30 September 2020, to the Last Trading Date
6. Being the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.238 per EE Share calculated based on the Reassessed NAV of approximately HK\$3,016.5 million as at 30 September 2020 as set out in Appendix II “Financial information of the EE Group” to this Composite Document and 931,458,010 EE Shares then in issue as at 31 January 2021.

We noted that the EE Shares had been traded at substantial discounts to net asset value attributable to equity holders since the publication of its annual result announcements or interim results announcements for the past five years. It can be seen that the trading price of the EE Shares does not correlate with the changes of the net asset value attributable to equity holders of the EE Group. This may indicate that investors might not have valued the EE Shares based solely on the underlying value of the EE Group’s assets.

Despite the Share Offer Price being at (i) a discount of approximately 84.2% to the audited consolidated net asset value per EE Share attributable to the EE Shareholders as at 31 March 2020; (ii) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020; and (iii) a discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020, we have taken into account that the EE Shares had traded at substantial discounts to net asset value attributable to equity holders for the past five years, we consider the Share Offer Price is, on balance, fair and reasonable from this perspective.

# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

## 3. Liquidity of the EE Shares

The table below sets out the trading volume of the EE Shares during the Review Period:

	Total monthly trading volume of the EE Shares  (EE Shares)	Number of trading days	Average daily trading volume of the EE Shares (Approximate EE Shares)	Approximate percentage of average daily trading volume to total number of EE Shares in issue (Note 3)	Approximate percentage of average daily trading volume to total number of EE Shares held by the public (Note 4)
<b>2020</b>					
February (Note 1)	138,604,448	20	6,930,222	0.74%	1.06%
March	15,961,663	22	725,530	0.08%	0.11%
April	21,167,790	19	1,114,094	0.12%	0.17%
May	28,316,918	20	1,415,846	0.15%	0.22%
June	6,966,780	21	331,751	0.04%	0.05%
July	8,243,354	22	374,698	0.04%	0.06%
August	46,187,303	21	2,199,395	0.24%	0.34%
September	26,297,860	22	1,195,357	0.13%	0.18%
October	7,118,720	18	395,484	0.04%	0.06%
November	22,884,532	19	1,204,449	0.13%	0.18%
December	21,663,321	22	984,696	0.11%	0.15%
<b>2021</b>					
January	5,108,294	20	255,415	0.03%	0.04%
February	19,979,710	12	1,664,976	0.18%	0.25%
March (Note 2)	19,636,755	17	1,155,103	0.12%	0.18%

Source: The Stock Exchange website (<http://www.hkex.com.hk>)

Note 1: 20 trading days were included in the month of February 2020 as the Review Period commenced on 3 February 2020.

Note 2: It was up to and including the Latest Practicable Date as part of the Review Period.

Note 3: Based on number of issued EE Shares in the respective month/period.

Note 4: Based on the number of EE Shares held by the public EE Shareholders in the respective month/period.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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As set out in the table above, the average daily trading volume of the EE Shares during the Review Period ranged from approximately 255,415 EE Shares (January 2021) to approximately 6,930,222 Shares (February 2020), representing (i) approximately 0.03% to approximately 0.74% of the total number of the EE Shares in issue; and (ii) approximately 0.04% to approximately 1.06% of the total number of the EE Shares held by public. The average daily trading volume of EE Shares during the Review Period was generally thin.

Given the relatively thin historical average daily trading volume of the EE Shares, it is uncertain that the overall liquidity of the EE Shares could be maintained and that there would be sufficient liquidity in the EE Shares for the Independent EE Shareholders to dispose of a significant number of EE Shares in the open market without exerting a downward pressure on the EE Share price. We, therefore, consider that the Share Offer provides the Independent EE Shareholders with an assured exit if they wish to realise their investments in the EE Shares.

#### 4. Comparable companies' analysis

In assessing the fairness and reasonableness of the Share Offer Price, we have conducted analysis on the price-to-earnings ratio (the "**P/E ratio(s)**") and the price-to-book ratios (the "**P/B ratio(s)**") of companies which are listed on the Stock Exchange and are engaged in similar businesses to those of the Group for comparison purposes. However, we noted that the EE Group recorded a loss for FY2020. We therefore considered that price to earning analysis is not available.

In assessing the P/B ratio of EE, we have taken into consideration the Reassessed NAV of approximately HK\$3,016.5 million as at 30 September 2020. On this basis, the implied P/B ratio of the Offer, calculated based on the total value of EE under the Share Offer, being approximately HK\$465.7 million, divided by the Reassessed NAV of approximately HK\$3,016.5 million, would be approximately 0.15 times (the "**Reassessed P/B ratio**").

## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

For the purpose of our comparable analysis, we have identified comparable companies based on the following criteria: (i) the shares of which are listed on the Stock Exchange; (ii) engages in principal business similar to those of the EE Group namely, the property investment business and generated over 70% of its total revenue for the latest completed financial year from the property investment business; (iii) the investment properties located mainly in Hong Kong; and (iv) a market capitalisation of not more than HK\$2 billion as at the Latest Practicable Date. Based on the such criteria, we have identified, to the best of our knowledge, an exhaustive list of 9 comparable companies (the “**Comparable Companies**”). The table below sets out the P/B ratio of each of the Comparable Companies and the Reassessed P/B ratio of the EE Group.

Stock Code	Company	Principal business	Market Capitalisation as at Latest Practicable Date <i>(HK\$ million)</i> <i>(approximately)</i> <i>(Note 1)</i>	Equity attributable to its owners <i>(HK\$ million)</i> <i>(approximately)</i>	P/B ratio <i>(approximately)</i> <i>(Note 2)</i>
89	Tai Sang Land Development Limited	Principally engaged in property investment, property rental, property development, estate management and agency and hotel operation	1,222.6	7,954.4	0.15
224	Pioneer Global Group Limited	Principally engaged in the businesses of (i) investment in property and hotels and (ii) other investments	1,292.5	7,020.8	0.18
225	Pokfulam Development Company Limited	Principally engaged in property investment and management businesses	1,302.3	5,425.1	0.24
237	Safety Godown Company, Limited	Principally engaged in the businesses of (i) operation of godowns; (ii) property investment; and (iii) securities trading and investment.	1,348.7	4,407.8	0.31
271	Asiasec Properties Limited	Property leasing and estate management	1,488.8	4,409.4	0.34

## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

Stock Code	Company	Principal business	Market Capitalisation as at Latest Practicable Date <i>(HK\$ million)</i> <i>(approximately)</i> <i>(Note 1)</i>	Equity attributable to its owners <i>(HK\$ million)</i> <i>(approximately)</i>	P/B ratio  <i>(approximately)</i> <i>(Note 2)</i>
277	Tern Properties Company Limited	Principally engaged in property investment and treasury investment.	1,014.7	2,948.7	0.34
583	Great Wall Pan Asia Holdings Limited	Principally engages in property investment and financial services	627.1	2,739.1	0.23
864	Wing Lee Property Investments Limited	Engage in business of leasing completed commercial and residential properties in Hong Kong	200.8	953.5	0.21
2292	Thing On Enterprise Limited	Principally engages in property investment business in Hong Kong	669.6	1,386.6	0.48
				Maximum	0.48
				Minimum	0.15
				Average	0.28
				Median	0.24
616	EE				
	– P/B ratio under the Share Offer <i>(Note 3)</i>		465.7	2,904.0	0.16
	– Reassessed P/B ratio under the Share Offer <i>(Note 3)</i>		465.7	3,016.5	0.15

*Source: The Stock Exchange website and the respective interim/annual report of the listed company*

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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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*Note 1:* In respect of the Comparable Companies, market capitalisation is calculated based on the respective closing price as quoted on the Stock Exchange and the number of issued shares based on published information as at the Latest Practicable Date; in respect of EE, market capitalisation is calculated based on the Share Offer Price of HK\$0.50 and 931,458,010 Shares in issue.

*Note 2:* Calculated by dividing the respective market capitalisation by the respective consolidated equity attributable to the ordinary shareholders, as extracted from the latest published financial statements.

*Note 3:* Calculated by the Share Offer Price multiplied by number of EE Shares in issue as at the Latest Practicable Date and divided by the equity attributable to owners of EE as at 30 September 2020 and the Reassessed NAV, respectively.

The P/B ratios of the Comparable Companies ranged from approximately 0.15 times to 0.48 times, with an average and median of approximately 0.28 times and 0.24 times, respectively. Based on their respective latest published annual/interim reports, the equity attributable to its owners recorded by the Comparable Companies ranged from approximately HK\$578.3 million to approximately HK\$11,556.7 million. The P/B ratio and Reassessed P/B ratio of EE are approximately 0.16 times and 0.15 times, respectively. Both of the P/B ratio and the Reassessed P/B ratio of EE as represented by the Share Offer Price are lower than both the mean and median of the P/B ratios of the Comparable Companies. Based on the results of the above comparable analysis, the Share Offer Price is not fair and reasonable in this regard.

## **5. Information about the Easyknit Group and the intention of Easyknit regarding the EE Group**

The following information about the intention of Easyknit regarding the EE Group has been extracted from the “Letter from Altus Investments”.

### ***(a) Information of the Easyknit Group***

As stated in the “Letter from Altus Investments” contained in the Composite Document, the Easyknit Group is principally engaged in property development, property investment, securities investment and loan financing businesses. One of the core businesses of the Easyknit Group is property development. The Easyknit Group has extensive experience in property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Another core business of the Easyknit Group is property investment. The Easyknit Group’s investment properties comprise residential, commercial and industrial properties in Hong Kong. The Offeror is a company incorporated in Hong Kong with limited liability and is directly wholly-owned by Easyknit.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it held 275,687,665 EE Shares, representing approximately 29.60% of the issued EE Shares.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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***(b) Intention of the Offeror regarding the EE Group***

The Offeror adopts the approach of Easyknit, which is understood to be as follows:

Easyknit does not at present and in the near term intend to dispose of or redeploy the assets of the EE Group other than in the ordinary course of business and has no intention to change the existing management of the EE Group. On completion of the Share Offer, EE, which is at present recognised as an associate in the books of Easyknit will become a subsidiary of Easyknit and Easyknit will review with EE Board their respective businesses and operations and whether changes are desirable in order to maximise efficiencies and exploit possible synergies. If any changes are proposed as a result of that review, they will be made in compliance with the Listing Rules and (if relevant at the time) the Takeovers Code.

It is also the intention of Easyknit that the business of the EE Group, employment of the existing employees of the EE Group and the directorship of the existing directors of the EE Group will be continued following completion of the Share Offer except for changes which may occur in the ordinary course of business.

***(c) Public float and maintaining the listing status of EE***

The Offeror does not intend to avail itself of any powers of compulsory acquisition in respect of EE under the provisions of the laws of Bermuda. The Offeror intends the EE Shares to remain listed on the Stock Exchange after the close of the Share Offer. According to the Listing Rules, if, at the close of the Share Offer, less than 25% of the issued EE Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the EE Shares or (ii) there are insufficient EE Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the EE Shares.

Easyknit intends that EE will remain listed on the Stock Exchange. The EE Directors will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the EE Shares in the event that the Offeror and parties acting in concert with it acquire more than 75% of the issued EE Shares.

Upon completion of the Share Offer, there may be insufficient public float for the EE Shares, and trading in the EE Shares may be suspended until the prescribed level of public float is attained.

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# LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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## RECOMMENDATION

Notwithstanding that

- (i) the EE Group recorded a revenue growth and gross profit growth of approximately 29.7% and 29.7%, respectively, for the year ended 31 March 2020;
- (ii) the EE recorded a revenue growth and gross profit growth of approximately 3.5% and 4.5%, respectively, for the six months ended 30 September 2020;
- (iii) Easyknit is prudently optimistic about the long-term prospects of the property market; and
- (iv) both of the P/B ratio and the Reassessed P/B ratio of EE as represented by the Share Offer Price are lower than the mean and median of the P/B ratios of the Comparable Companies,

we have also considered all the below factors as a whole, in particular that:

- (i) the Share Offer Price of HK\$0.50 represents (a) a premium of approximately 23.5% over the closing price of HK\$0.405 per EE Share as quoted on the Stock Exchange on the Last Trading Date; (b) a premium of approximately 22.85% over the average daily closing price of approximately HK\$0.407 per EE Share for the Review Period; (c) a premium of approximately 24.07% over the average daily closing price per EE Share during the recent 30 trading days up to and including the Last Trading Date; (d) a premium of approximately 31.93% over the average daily closing price per EE Share during the recent 60 trading days up to and including the Last Trading Date; and (e) a premium of approximately 43.68% over the average daily closing price per EE Share during the recent 90 trading days up to and including the Last Trading Date;
- (ii) our analysis of the prospects and outlook of the Hong Kong property market as set out under paragraph headed “1 (b) Prospects and outlook of the Hong Kong property market” in relation to the recent development of Hong Kong property market and the uncertainties, in particular the impact of the Sino-U.S. trade dispute and the COVID-19 pandemic, to the value of and the rental income from the Hong Kong properties in the upcoming future;
- (iii) the intention of the Easyknit Group to continue with the EE Group’s existing principal business activities, which recorded a significant unaudited net loss for the six months ended 30 September 2020 of approximately HK\$64.6 million and an audited net loss for the year ended 31 March 2020 of approximately HK\$206.2 million and the uncertainties in the future performance of the EE Group, together with our detailed analysis of the EE Group’s historical financial performance and position, are set out under paragraph headed “(a) Historical financial information of the EE Group”. It is also noted that while maintaining the listing status of EE on the Main Board of the Stock Exchange, the Easyknit Group does not intend to introduce any major changes to the existing business and operation of the EE Group following the close of the Share Offer;



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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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- (iv) the historical trading volume of the EE Shares was relatively thin during the Review Period, the Share Offer provides the Independent EE Shareholders with an assured exit if they wish to realise their investments in the EE Shares;
- (v) there were no dividends were paid, declared or proposed by EE for the past 10 years; and
- (vi) although the Share Offer Price of HK\$0.50 represents (i) a discount of approximately 84.0% to the unaudited consolidated net asset value per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.118 per EE Share; and (ii) a discount of approximately 84.6% to the Reassessed NAV per EE Share attributable to the EE Shareholders as at 30 September 2020 of approximately HK\$3.238 per EE Share, we noted that the EE Shares had traded at substantial discounts to the net asset value attributable to equity holders since the publication of its annual result announcements or interim results announcements for the past five years ranging from a minimum discount of approximately 87.8% to a maximum discount of approximately 97.3%, details of which are set out in the paragraph headed “Historical trading price against net asset value per EE Share” and therefore we consider the prevailing market price is more relevant in determining the fairness and reasonableness of the Share Offer Price and it is noted that the majority of the EE Group’s non-current assets as at 30 September 2020 comprised of investment properties which are not readily realisable into cash, and that the Share Offer Price represents a premium to the closing EE Share price as at the Last Trading Date and the average closing EE Share price for the Review Period respectively,

we are of the opinion that terms of the Share Offer are, on balance, fair and reasonable so far as the Independent EE Shareholders are concerned. Accordingly, we recommend the EE Independent Board Committee to advise the Independent EE Shareholders to accept the Share Offer. In view of the volatility of market conditions, those Independent EE Shareholders who intend to accept the Share Offer are reminded that they should closely monitor the market price and the liquidity of the EE Shares during the Offer Period and should consider selling their EE Shares in the open market, rather than accepting the Share Offer, if the net proceeds from the sale of such EE Shares in the open market would exceed the net proceeds receivable under the Share Offer.

The Independent EE Shareholders should also consider and monitor the trading volume of the EE Shares during the Offer Period as, having taken into account the relatively thin historical trading volume of the EE Shares on the Stock Exchange as discussed in the section headed “3. Liquidity of the EE Shares” of this letter, they may experience difficulty in disposing of their EE Shares in the open market without creating downward pressure on the price of the EE Shares.

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## LETTER FROM THE EE INDEPENDENT FINANCIAL ADVISER

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As each individual Independent EE Shareholder would have different investment objectives and/or circumstances, we would advise the EE Independent Board Committee to recommend the Independent EE Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser. Furthermore, they should carefully read the procedures for accepting the Share Offer as set out in the Composite Document, its appendices and the accompanying Form of Acceptance.

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

*Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance and has over 22 years of experience in corporate finance industry.*

**1. PROCEDURES FOR ACCEPTANCE**

To accept the Share Offer, you should duly complete and sign the relevant accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your EE Shares is/are in your name, and you wish to accept the Share Offer in respect of your EE Shares (whether in full or in part), you must deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of EE Shares for which you intend to accept the Share Offer, by post or by hand, to the Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong marked "Eminence Enterprise Limited – Share Offer" on the envelope so as to reach the Registrar as soon as possible but in any event by no later than 4:00 p.m. on the Closing Date or such later time(s) and/or date(s) as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your EE Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your EE Shares (whether in full or in part), you must either:
  - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) in respect of the number of EE Shares for which you intend to accept the Share Offer with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the Form of Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your EE Shares to the Registrar; or
  - (ii) arrange for the EE Shares to be registered in your name by EE through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of EE Shares for which you intend to accept the Share Offer to the Registrar; or

- (iii) if your EE Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
  - (iv) if your EE Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or the CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If you have lodged transfer(s) of any of your EE Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your EE Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an authority to the Altus Investments and/or the Offeror or their respective agent(s) to collect from the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar as if it was/they were delivered to the Registrar with the Form of Acceptance.
- (d) If the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your EE Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your EE Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

- (e) Acceptance of the Share Offer will be treated as effective and valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce as permitted under the Takeovers Code) and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities required in respect thereof) and, if those share certificate(s) and/or transfer receipt(s) and/or other document(s) of title is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant EE Shares; or
  - (ii) from a registered EE Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the EE Shares which are not taken into account under another sub-paragraph under this paragraph (e)); or
  - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered EE Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) will be given.
- (h) In accordance with Rule 20.1 of the Takeovers Code, payment (less sellers' ad valorem stamp duty) will be posted to the accepting Independent EE Shareholders or, in the case of joint shareholders, to the EE Shareholder whose name stands first in the register of the members of EE, by ordinary post at their own risk as soon as possible but in any event within seven (7) Business Days of the later of the date the Share Offer becomes or is declared unconditional and the date the Offeror acting through the Registrar receives a duly completed Form of Acceptance. Relevant documents of title must be received by the Registrar to render each acceptance of the Share Offer complete and valid.
- (i) If the Share Offer does not become, or is not declared, unconditional in all respects within the time permitted by the Takeovers Code, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities required in respect thereof) received by the Registrar will be returned to the Independent EE Shareholders who have accepted the Share Offer by post, or such documents will be made available for collection, as soon as possible but in any event within ten (10) days after the Share Offer has lapsed.

**2. SETTLEMENT UNDER THE SHARE OFFER**

Subject to the Share Offer becoming or being declared unconditional in all respects and provided that a duly completed Form of Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities required in respect thereof) in respect of the relevant EE Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order in all respects and have been received by the Registrar before the close of the Share Offer, a cheque for the amount due to each of the EE Shareholders who accepts the Share Offer less seller's ad valorem stamp duty in respect of the EE Shares tendered by him under the Share Offer will be despatched to such EE Shareholder by ordinary post at his own risk as soon as possible but in any event within seven (7) Business Days following the later of (i) the date on which the Share Offer becomes or is declared unconditional in all respects; and (ii) the date of receipt of a duly completed Form of Acceptance together with all of the relevant document(s) by the Registrar to render such acceptance under the Share Offer valid.

Settlement of the consideration to which any EE Shareholder is entitled under the Share Offer will be implemented in full in accordance with the terms of the Share Offer (save in respect of the payment of the seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such EE Shareholder.

No fraction of a cent will be payable and the amount of consideration payable to an EE Shareholder who accepts the Share Offer will be rounded down to the nearest cent.

Cheque(s) not presented for payment within six (6) months from the date of issue of the relevant cheque(s) will not be honoured and be of no further effect, and in such circumstances cheque holders should contact the Offeror for payment.

**3. ACCEPTANCE PERIOD AND REVISIONS**

Unless the Share Offer is revised or extended in accordance with the Takeovers Code, to be valid the Form of Acceptance must be received by the Registrar, *in each case, in accordance with the instructions printed thereon and in this Composite Document by 4:00 p.m. on the Closing Date.*

If the Share Offer is revised or extended, the Offeror will issue an announcement in relation to such revision or extension of the Share Offer, which announcement will either state the next Closing Date or, if the Share Offer has become or been declared unconditional as to acceptances, include a statement that the Share Offer will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given, before the Share Offer is closed, to those EE Shareholders who have not accepted the relevant Share Offer. If, in the course of the Share Offer, the Offeror revises the terms of the Share Offer, all the EE Shareholders, whether or not they have already accepted the Share Offer, will be entitled to accept the revised Share Offer under the revised terms. Any revised Share Offer must be kept open for at least fourteen (14) days, and shall not be closed earlier than Friday, 16 April 2021. In any case where the Share Offer is revised, and the consideration offered under each of the revised Share Offer does not represent on such date a reduction in the value of the Share Offer in its original or any previously revised form(s), the benefit of such revised Share Offer will be made available as set out herein to acceptors of the Share Offer in its original or any previously revised form(s) (hereinafter called "**previous acceptor(s)**"). The execution by, or on behalf of, a previous acceptor of any Form of Acceptance shall be deemed to constitute acceptance of the Share Offer as so revised.

The Offeror may introduce new conditions to be attached to any revision to the terms of the Share Offer, or any subsequent revision thereof, but only to the extent necessary to implement the revised Share Offer and subject to the consent of the Executive.

If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent Closing Date.

There is no obligation on the Offeror to extend the Share Offer if the Conditions are not satisfied by the First Closing Date (being Friday, 16 April 2021).

#### **4. NOMINEE REGISTRATION**

To ensure equality of treatment of all the EE Shareholders, those EE Shareholders who hold EE Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the EE Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Share Offer. Acceptance of the Share Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of EE Shares it has indicated in the Form of Acceptance is the aggregate number of EE Shares for which such nominee has received authorisations from the beneficial owners to accept the Share Offer on their behalf.

**5. ANNOUNCEMENTS**

An announcement will be made when the Share Offer becomes or is declared unconditional (whether as to acceptances or in all respects) and when the Share Offer becomes or is declared unconditional in all respects.

By 6:00 p.m. on the Closing Date (or such later time(s) and/or date(s) as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Share Offer. The Offeror must publish an announcement in accordance with the Listing Rules on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the results of the Share Offer and whether the Share Offer has been revised, extended, expired or has become or been declared unconditional (whether as to acceptances or in all respects). The announcement will state the following:

- (a) the total number of EE Shares for which acceptances of the Share Offer has been received;
- (b) the total number of EE Shares held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period;
- (c) the total number of EE Shares acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it; and
- (d) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in EE which the Offeror and any of the parties acting in concert with it have borrowed or lent, save for any borrowed EE Shares which have been either on-lent or sold.

The announcement will specify the percentages of the issued share capital, and the percentages of voting rights, represented by these numbers of EE Shares.

In computing the total number of EE Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the conditions set out in this Appendix I, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Share Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Share Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

If any of the Offeror, parties acting in concert with the Offeror or their respective advisers make any statement during the Offer Period about the level of acceptances or the number or percentage of accepting EE Shareholders, the Offeror must make an immediate announcement in compliance with Note 2 to Rule 19 of the Takeovers Code.



**6. RIGHT OF WITHDRAWAL**

The Share Offer is conditional upon the fulfilment (or where permitted, waiver) of the Conditions set out in the “Letter from Altus Investments” in this Composite Document. Acceptances of the Share Offer tendered by the EE Shareholders, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in this paragraph and the paragraph below. Rule 17 of the Takeovers Code provides that an acceptor of the Share Offer shall be entitled to withdraw his acceptance after twenty-one (21) days from the First Closing Date (being Friday, 16 April 2021) if the Share Offer has not by then become unconditional as to acceptances and up to the earlier of such time as the Share Offer becomes or is declared unconditional as to acceptances and 4:00 p.m. on the 60th day from the date of despatch of this Composite Document (being Tuesday, 25 May 2021 (or the date beyond which the Offeror has stated that the Share Offer will not be extended, if applicable)).

Under Rule 19.2 of the Takeovers Code, if the Offeror is unable to comply with the requirements set out in the paragraph headed “5. Announcements” in this Appendix I above, the Executive may require that the EE Shareholders who have tendered acceptances to the Share Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that section are met.

**7. HONG KONG STAMP DUTY**

Seller’s ad valorem stamp duty at a rate of 0.1% of the market value of the EE Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher (rounded up to the nearest HK\$1.00), will be deducted from the amount payable to the relevant EE Shareholder on acceptance of the Share Offer. The Offeror will arrange for payment of the seller’s ad valorem stamp duty on behalf of the accepting EE Shareholders in connection with the acceptance of the Share Offer and the transfer of the EE Shares.

**8. GENERAL**

- (a) All communications, notices, Forms of Acceptance, share certificate(s), transfer receipt(s), document(s) of title and/or documentary evidence of authority (and/or any indemnity or indemnities required in respect thereof) if delivered by or sent to or from the EE Shareholders or their designated agents by post, shall be posted at their own risk, and none of the Offeror, EE, Altus Investments and any of their respective directors, the Registrar or any other parties involved in the Share Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Share Offer.
- (c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or either of them to any person to whom the Share Offer is made will not invalidate the Share Offer in any way.

- (d) The Share Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of any person will constitute the agreement of such person that the courts of Hong Kong shall have exclusive jurisdiction to settle any dispute which may arise in connection with the Share Offer.
- (e) Due execution of a Form of Acceptance will constitute an authority to the Offeror, Altus Investments or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Share Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the EE Shares in respect of which such person or persons has/have accepted the Share Offer.
- (f) Subject to the Share Offer becoming or being declared unconditional in all respects, acceptance of the Share Offer by any person or persons will be deemed to constitute a representation and warranty by such person or persons to:
  - (i) the Offeror, EE and Altus Investments, that the EE Shares sold by such person or persons to the Offeror are free from all encumbrances and are sold together with all rights attaching to them as at the Closing Date or subsequently becoming attached to them, including the right to receive in all dividends and distributions, if any, declared, made or paid on or after the Closing Date; and
  - (ii) the Offeror, EE, Altus Investments and their respective advisers that if such EE Shareholder accepting the Share Offer is a citizen, resident or national of a jurisdiction outside Hong Kong, he/she has observed and is permitted under all applicable laws and regulations to which such Overseas EE Shareholder is subject to receive and accept the Share Offer and any revision thereof, and that he/she has obtained all requisite governmental, exchange control or other consents and made all registrations or filings required in compliance with all necessary formalities and regulatory or legal requirements, and all requirements for the payment by the accepting EE Shareholders of any transfer or other taxes in respect of their acceptances, and that he/she has not taken or omitted to take any action which will or may result in the Offeror, EE or their respective advisers or any other person acting in breach of the legal or regulatory requirements of any jurisdiction in connection with the Share Offer or his/her acceptance thereof and such acceptance, surrender and/or cancellation shall be valid and binding in accordance with all applicable laws and regulations.
- (g) References to the Share Offer in this Composite Document and in the accompanying Form of Acceptance shall include any extension and/or revision thereof.

- (h) In making their decisions with regard to the Share Offer, the EE Shareholders should rely on their own examination of the Offeror, the EE Group and the terms of the Share Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein, together with the accompanying Form of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, EE and/or Altus Investments. The EE Shareholders should consult their own professional advisers for professional advice.
  
- (i) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

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## **APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP**

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### **I. FINANCIAL SUMMARY**

The following summary financial information for each of the three financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and for the six months ended 30 September 2020 is extracted from the published audited consolidated financial statements of the EE Group as set forth in the annual reports for the years ended 31 March 2018, 31 March 2019 and 31 March 2020, respectively, and the interim report for the six months ended 30 September 2020 of EE.

Deloitte Touche Tohmatsu, the auditors of the EE Group, did not issue any modified opinion nor any emphasis of matter or material uncertainty related to going concern contained in the auditors' report of the EE Group for any of the three years ended 31 March 2018, 31 March 2019 and 31 March 2020. There are no items of any income or expense which are material for each of the three years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020.

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

### Summary consolidated income statement and statement of comprehensive income

	Six months ended 30 September 2020	Year ended 31 March		
	(unaudited) HK\$'000	2018 (audited) HK\$'000	2019 (restated) (audited) HK\$'000	2020 (audited) HK\$'000
Revenue	41,357	49,605	62,228	80,682
Cost of services rendered	(1,800)	(2,880)	(3,271)	(4,227)
Gross profit	39,557	46,725	58,957	76,455
Other income	4,162	7,677	7,137	9,141
Other gains or losses	84	1,552	(395)	(354)
Other expenses	(49)	(121)	(58)	(1,467)
Distribution and selling expense	–	(40)	–	–
Administrative expenses	(21,167)	(35,525)	(48,276)	(52,472)
Net loss on modification of terms of convertible note	–	(1,023)	–	(37,526)
(Loss) gain on changes in fair value of investment properties	(12,314)	72,337	45,988	(66,623)
Gain on disposal of subsidiaries	–	–	43,139	57,511
Release on disposal of debt instruments at fair value through other comprehensive income	(313)	–	–	(969)
Write-down on properties held for development for sale	(60,851)	–	–	(134,309)
Reversal of (impairment loss) on financial assets, net:				
– Debt instruments at fair value through other comprehensive income	53	–	(181)	(456)
– Loans receivable	1,137	–	(2,808)	(6,581)
– Available-for-sale investments	–	(3,406)	–	–
Net loss on changes in fair value of financial assets at fair value through profit or loss	(377)	(2,195)	(16,283)	(20,429)
Finance costs	(16,013)	(31,373)	(36,310)	(31,578)
Profit (loss) before taxation	(66,091)	54,608	50,910	(209,657)
Taxation	1,539	(1,069)	(400)	3,465
Profit (loss) for the period/year attributable to owners of EE	(64,552)	53,539	50,510	(206,192)

*Note:* There was no profit/loss attributable to non-controlling interest during each of the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020.

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

	Six months ended 30 September 2020	Year ended 31 March		2020
	(unaudited)	2018	2019 (restated)	(audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other comprehensive income (expense):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of financial statements of foreign operations	23,606	37,095	(26,179)	(31,859)
Change in fair value of debt instruments at fair value through other comprehensive income	2,859	–	577	(4,946)
Release on disposal of debt instruments at fair value through other comprehensive income	313	–	–	969
(Reversal of) impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	(53)	–	181	456
Change in fair value of available-for-sale investments	–	45,029	–	–
Reclassification adjustment upon impairment of available-for-sale investments	–	3,406	–	–
Release upon disposal of available-for-sale investments	–	(45)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Other comprehensive income for the period/year	26,725	85,485	(25,421)	(35,380)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income (expense) for the period/year attributable to owners of EE	<u>(37,827)</u>	<u>139,024</u>	<u>25,089</u>	<u>(241,572)</u>
Basic earnings (loss) per share (HK cents)	HK(6.93) cents	HK2.31 cents	HK33.46 cents	HK(70.68) cents
Diluted earnings (loss) per share (HK cents)	<u>HK(6.93) cents</u>	<u>HK2.15 cents</u>	<u>HK32.10 cents</u>	<u>HK(70.68) cents</u>

*Notes:*

- (i) There was no dividend declared during each of the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020.
- (ii) There was no comprehensive income attributable to non-controlling interest during each of the financial years ended 31 March 2018, 31 March 2019 and 31 March 2020 and the six months ended 30 September 2020.

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

### Summary consolidated statement of financial position

	As at 30 September 2020	As at 31 March		
	2020	2018	2019 (restated)	2020
	(unaudited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>
Total assets	4,679,276	4,011,917	4,034,545	4,602,993
Total liabilities	1,775,234	1,296,629	1,300,375	1,661,124
	<u>2,904,042</u>	<u>2,715,288</u>	<u>2,734,170</u>	<u>2,941,869</u>
Equity attributable to owners of EE				
Share capital	186,291	29,658	29,658	186,291
Reserves	2,717,751	2,685,630	2,704,512	2,755,578
	<u>2,904,042</u>	<u>2,715,288</u>	<u>2,734,170</u>	<u>2,941,869</u>

### Summary consolidated statement of cash flows

	For the year ended 31 March	
	2020	2019
	(audited) <i>HK\$'000</i>	(audited) <i>HK\$'000</i>
Net cash used in operating activities	(377,555)	(109,902)
Net cash used in investing activities	(139,195)	(81,135)
Net cash from financing activities	733,974	208,012
<b>Net increase in cash and cash equivalents</b>	217,224	16,975

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## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

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### II. CONSOLIDATED FINANCIAL STATEMENTS

EE is required to set out or refer to in this Composite Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of the EE Group for the year ended 31 March 2018 (the “**2018 Financial Statements**”); (ii) the audited consolidated financial statements of the EE Group for the year ended 31 March 2019 (the “**2019 Financial Statements**”); (iii) the audited consolidated financial statements of the EE Group for the year ended 31 March 2020 (the “**2020 Financial Statements**”) and (iv) the unaudited condensed consolidated interim financial statements of the EE Group for the six months ended 30 September 2020 (the “**2020 Interim Financial Statements**”), together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements, together with significant accounting policies, are set out from pages 77 to 121 in the annual report 2020 of EE, which was published on 18 June 2020. The annual report 2020 is posted on EE’s website <http://www.eminence-enterprise.com/en/>. Please also see below a link to the annual report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0618/2020061800324.pdf>

The 2019 Financial Statements, together with significant accounting policies, are set out from pages 67 to 108 in the annual report 2019 of EE, which was published on 20 June 2020. The annual report 2019 is posted on EE’s website <http://www.eminence-enterprise.com/en/>. Please also see below a link to the annual report 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ln20190620297.pdf>

The 2018 Financial Statements, together with significant accounting policies, are set out from pages 51 to 95 in the annual report 2018 of EE, which was published on 22 June 2019. The annual report 2018 is posted on EE’s website <http://www.eminence-enterprise.com/en/>. Please also see below a link to the annual report 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/ln20180622291.pdf>

The 2020 Interim Financial Statements, together with principal accounting policies, are set out from pages 38 to 53 in the interim report 2020 of EE, which was published on 11 December 2020. The interim report 2020 is posted on EE’s website <http://www.eminence-enterprise.com/en/>. Please also see below a link to the interim report 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1211/2020121100217.pdf>

The 2020 Financial Statements, 2019 Financial Statements, 2018 Financial Statements and the 2020 Interim Financial Statements (but not any other part of the annual report 2020 and interim report 2020 in which they respectively appear) are incorporated by reference into this Composite Document and form part of this Composite Document.



## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

### III. INDEBTEDNESS, CONTINGENCIES AND COMMITMENTS

#### Borrowings, lease liabilities and convertible notes

As at the close of business on 31 January 2021, being the latest practicable date for the purpose of this indebtedness statement, the EE Group had total borrowings, lease liabilities and convertible notes of approximately HK\$1,600.0 million, details of which are as follows:

	<i>HK\$'000</i>
<b>Non-current</b>	
Secured bank borrowings	1,235,466
Lease liabilities	3,899
Convertible notes	43,275
	<u>1,282,640</u>
<b>Current</b>	
Secured bank borrowings	292,213
Lease liabilities	2,366
Convertible notes	22,398
	<u>316,977</u>
	<u><u>1,599,617</u></u>

Below are the key terms of the convertible notes of the EE Group as at the Latest Practicable Date, all of which are unguaranteed and unsecured.

#### *2017 Convertible Note 1*

On 11 May 2017, EE issued 4% per annum coupon rate convertible note to Goodco in the principal amount of HK\$16.0 million, conferring rights to convert at any time before 28 August 2024 the principal amount into the EE Shares at conversion price which is at present of HK\$0.25 per EE Share (after the deeds of amendment on 19 November 2020). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$16.0 million.

#### *2017 Convertible Note 2*

On 26 September 2017, EE issued 4% per annum coupon rate convertible note to Goodco in the principal amount of HK\$28.2 million, conferring rights to convert at any time before 28 August 2024 the principal amount into the EE Shares at conversion price which is at present of HK\$0.25 per EE Share (after the deeds of amendment on 19 November 2020). The outstanding amount of that convertible note as at the Latest Practicable Date was approximately HK\$11.3 million.

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

### *2019 Convertible Note*

On 28 August 2019, EE issued 4% per annum coupon rate convertible note to Goodco in the principal amount of HK\$70 million conferring rights to convert at any time before 28 August 2024 the principal amount into the EE Shares at conversion price which is at present of HK\$0.25 per EE Share (after the deeds of amendment on 19 November 2020). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$70 million.

### **Pledge of assets**

The EE Group had outstanding secured bank borrowings of approximately HK\$1,527.7 million, which were secured by charges over investment properties and properties held for development for sale of the EE Group with carrying amounts of approximately HK\$934.9 million and HK\$2,693.0 million respectively as at 31 January 2021 and all bank borrowings were guaranteed by EE.

Save as disclosed above and apart from intra-group liabilities, the EE Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, material hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 31 January 2021.

## **V. MATERIAL CHANGES**

The EE Directors confirm that, save for:

- (i) (a) the acquisition of the units on G/F., 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong and the units on G/F., 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong at a consideration of HK\$89,115,992, details of which are set out in the announcement dated 6 April 2020 and circular dated 21 May 2020;
- (b) the acquisition of half share of the unit on 2/F., No. 95 Catchick Street, Hong Kong at a consideration of HK\$6,200,000, details of which are set out in the announcement dated 30 October 2020 and circular dated 4 December 2020, and the acquisition of the remaining half share of the unit on 2/F., No. 95 Catchick Street, Hong Kong at a consideration of HK\$5,445,544.55, details of which are set out in the announcement dated 1 March 2021; and
- (c) the proposed disposal of Nos. 1B, 1C, 1D and 1E Davis Street, Kennedy Town, Hong Kong and Nos. 93 and 95 Catchick Street, Hong Kong for a consideration of HK\$1,100,000,000, details of which are set out in the announcement dated 9 November 2020;

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

- (ii) (a) the alteration of terms of the convertible notes issued to Goodco Development Limited on 11 May 2017, 26 September 2017 and 28 August 2019, details of which are set out in the announcement dated 21 September 2020 and circular dated 30 October 2020; and
- (b) the early redemption of convertible note due 2022 at request of Madian Star Limited, details of which are set out in the announcement dated 11 January 2021;
- (iii) (a) the acquisition of the unit at workshop space C1, ground floor, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong (“**Fung Wah Factorial Building**”) at a consideration of HK\$45,000,000, details of which are set out in the announcement dated 17 November 2020; and
- (b) the possible acquisition of workshop space D of 2nd floor and workshop space A of 5th floor of Fung Wah Factorial Building at the public auction expected to take place by order of the Lands Tribunal, and possible disposal if the Company is not successful at the respective public auction, details of which are set out in the announcement dated 6 January 2021 and circular dated 27 January 2021;
- (iv) (a) the acquisition of 3,800,000 overseas listed foreign shares of China Construction Bank Corporation, the H shares of which are listed on the main board of the Stock Exchange (stock code: 939) for an aggregate purchase price of approximately HK\$22,534,000 (exclusive of transaction costs), details of which are set out in the announcement dated 8 December 2020;
- (b) the acquisition of 394,275 American depositary shares in the initial public offering of RLX Technology Inc., the shares of which are listed on the New York Stock Exchange at a total consideration of approximately US\$4,731,300 (equivalent to approximately HK\$36,667,575) (exclusive of transaction costs), details of which are set out in the announcement dated 26 January 2021;
- (c) the disposal of 105,929 American depositary shares of RLX Technology Inc. for an aggregate selling price of approximately US\$2,551,660 (equivalent to approximately HK\$19,775,365) (exclusive of transaction costs), details of which are set out in the announcement dated 10 February 2021; and
- (d) the acquisitions of a total of 680,000 shares of Chinese Energy Holdings Limited, the shares of which are listed on the GEM of the Stock Exchange (stock code: 8009) for an aggregate purchase price of HK\$489,600 (exclusive of transaction costs), details of which are set out in the announcement dated 10 March 2021; and
- (v) the unaudited net loss for the period of approximately HK\$64.6 million recorded by the Group for the six months ended 30 September 2020 as set out in the interim report of EE published on 11 December 2020,

there has been no material change in the financial or trading position or outlook of the EE Group since 31 March 2020 (being the date to which the latest audited consolidated financial statements of the EE Group were made up) up to and including the Latest Practicable Date.

## APPENDIX II FINANCIAL INFORMATION OF THE EE GROUP

### VI. PROPERTY INTERESTS AND PROPERTY VALUATION REPORTS

Vigers Appraisal and Consulting Limited and Edmund Tie & Company Holdings Pte. Ltd., two independent valuers, have valued the property interests of the EE Group as at 31 January 2021. The text of their letters, summaries of valuation and valuation certificates are set out in Appendix III to this Composite Document.

### VII. REASSESSED NAV

For illustration purposes, the unaudited NAV per EE Share as at 30 September 2020 are reassessed based on the valuation of EE's properties as at 31 January 2021 (the "Reassessed NAV"). Set out below are the calculations of the Reassessed NAV per EE Share as at 30 September 2020.

#### Calculations of Reassessed NAV per EE Share

	<i>HK\$'000</i>
Total market value as at 31 January 2021 of the properties held by the EE Group as at 30 September 2020 attributable to the EE Shareholders	4,056,144
Less: carrying amount of the properties held by the EE Group as at 30 September 2020 attributable to the EE Shareholders	<u>3,943,717</u>
Net revaluation surplus	<u><u>112,427</u></u>
	<i>HK\$'000</i>
EE Group consolidated NAV attributable to the EE Shareholders as at 30 September 2020	2,904,042
Add: net revaluation surplus	<u>112,427</u>
Reassessed NAV attributable to the EE Shareholders as at 30 September 2020	<u><u>3,016,469</u></u>
Reassessed NAV per EE Share as at 30 September 2020 ( <i>HK\$</i> )	<u><u>3.24</u></u>

*The following are the texts of letters, summaries of valuation and valuation certificates, prepared for the purpose of incorporation in this Composite Document, received from Vigers Appraisal and Consulting Limited (“Vigers”) and Edmund Tie & Company Holdings Pte. Ltd. (“ETC”), two independent valuers, in connection with their valuations as at 31 January 2021 of the property interests held by the EE Group.*

**A: VALUATION REPORT FROM VIGERS FOR PROPERTIES LOCATED IN HONG KONG AND THE PEOPLE'S REPUBLIC OF CHINA**

**Vigers Appraisal and Consulting Limited**

General Practice Sector

27/F Standard Chartered Tower,  
Millennium City 1, 388 Kwun Tong Road,  
Kowloon, Hong Kong  
T: +852 6651-5330  
E: GP@Vigers.com  
W: www.Vigers.com



26 March 2021

The Board of Directors

**Eminence Enterprise Limited**

Block A, 7th Floor,  
Hong Kong Spinners Industrial Building, Phase 6,  
481-483 Castle Peak Road,  
Cheung Sha Wan, Kowloon,  
Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the property(ies) in Hong Kong and the PRC of “**Eminence Enterprise Limited**” (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”), we confirm that we have inspected the property(ies), made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of those interests as at 31 January 2021 (the “**Valuation Date**”). For the purpose of Rule 11.1(f) of the Code on Takeovers and Mergers (the “**Takeovers Code**”), we understand that value of the consolidated property assets of the Company represents 50% or more of the book value of the Company’s consolidated total assets. We also understand that there is no other property which is held by the associated companies of the Company such that it is subject to a valuation report under Rule 11.1(f) of the Takeovers Code.

**Basis of Value**

Our valuation is our opinion of the market value of the property(ies) which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuations have been prepared in accordance with “HKIS Valuation Standards 2020” published by “The Hong Kong Institute of Surveyors” (“**HKIS**”), “RICS Valuation – Global Standards” published by the “Royal Institution of Chartered Surveyors” (“**RICS**”), relevant provisions in the Companies Ordinance and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (Main Board) published by “The Stock Exchange of Hong Kong Limited” (“**HKEx**”), and Rule 11 of the Takeovers Code. Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

**Approach to Value*****Hong Kong property(ies)***

In our valuation, we have valued the tenanted portions of the property(ies) on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the properties and made reference to comparable market transactions. In valuing the portions of property(ies) which are either vacant or owner-occupied, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable property with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the property(ies) in order to arrive at the fair comparison of values.

***PRC property***

In the absence of sufficient comparables for comparison, we have adopted the cost approach which “provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence”. Our valuation of the property is assessed based on “depreciated replacement cost” (“**DRC**”) which is “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation”. In our valuation, no consideration has been taken into account of alternative use(s) or development option(s); nor have we considered any redevelopment potential of the property.

**Title Investigation*****Hong Kong property(ies)***

We have conducted land search at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

***PRC property***

The property is located in the “People’s Republic of China” (the “**PRC**”), and we have been given extracted copy(ies) of relevant title document(s) for the property but we have not checked the title(s) to the property nor scrutinized the original title document(s). We have relied on the advice given by the Group and her legal adviser on the laws of the PRC, “**DeHeng Law Offices**” (hereinafter referred to as the “**PRC Legal Adviser**”) regarding title(s) to and ownership of the property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Adviser into account, in particular title(s), ownership, encumbrances and so on of the property. While we have exercised our professional judgement in arriving at our valuation, you are urged to consider our valuation assumptions with caution.

**Valuation Consideration**

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approval(s) or statutory notice(s), easement(s), land-use rights’ term(s), site and floor areas, development option(s), development costs’ expended and to be expended, presale and sales status, occupancy status as well as in the identification of the property(ies). We have had no reason to doubt the truth and accuracy of the information provided to us by the Group and “**DeHeng Law Offices**” (hereinafter referred to as the “**PRC Legal Adviser**”), and we have been advised that no material fact has been omitted from the information provided. We have not carried out detailed on-site measurement to verify the correctness of the site and floor areas of the property(ies) but we have assumed that the site and floor areas shown on the document(s) handed to us are accurate and reliable. All dimension(s), measurement(s) and area(s) included in our valuation report are based on the information contained in the document(s) provided to us and are therefore approximations.

An inspection of the property(ies) and surrounding environment in Hong Kong, but not in any form of a building survey, was carried out by Sr. Eric W. L. Tang *MRICS RICS Registered Valuer* and Mr. Jeff M.C. Liu *BSc(Hons)* on 9th February 2021; whilst an inspection of the property and surrounding environment in PRC, but not in any form of a building survey, was carried out by Ms. Lucy H. R. LU *CREA* on 4th February 2021. During the course of our inspection, no serious defect was noted; and the condition of the properties is considered to be reasonable commensurate to their age and use. Air-conditioning system and automatic sprinkler system as well as supply of electricity, water and drainage are all available throughout the properties. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the properties which were covered, unexposed or inaccessible to us. We are therefore unable to report whether such parts of the properties is free from any structural or non-structural defect.

**Valuation Assumption**

Our valuation has been made on the assumption that the property(ies) could be sold in the prevailing market in their existing state assuming sale with vacant possession and without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the property(ies) unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the property(ies).

In our valuation, we have assumed that the owner(s) of the property(ies) has/have free and uninterrupted rights to use and assign the property(ies) during the unexpired land-use rights' term(s) granted subject to payment of usual land-use fee(s). Our valuations for the property(ies) are carried out on the basis of a cash purchase, and no allowance has been made for interest(s) and/or funding cost(s) in relation to the sale or purchase of the property(ies).

We had carried out on-site inspection of the property(ies) but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development erected on the property(ies). Our valuation has been carried out on the assumption that these aspects are satisfactory.

Our value assessment of the property(ies) is the value estimated without regard to cost(s) of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the property(ies) has/have been disregarded. In our valuation, we have assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the properties.



## POTENTIAL TAX LIABILITIES

As advised by the Group, the potential tax liabilities which may arise from the sale of the property interests include:

- a. Property interests located in Hong Kong:
- i. Ad valorem stamp duty (“AVD”) on consideration or value of the property (whichever is the higher) at tax rates as follows:

<b>Consideration or value of the property (whichever is the higher)</b>	<b>Rate</b>
Up to HK\$2,000,000	1.50%
HK\$2,000,001 to HK\$2,176,470	HK\$30,000+20% of the excess over HK\$2,000,000
HK\$2,176,471 to HK\$3,000,000	3.00%
HK\$3,000,001 to HK\$3,290,330	HK\$90,000+20% of the excess over HK\$3,000,000
HK\$3,290,331 to HK\$4,000,000	HK\$180,000+20% of the excess over HK\$4,000,000
HK\$4,000,001 to HK\$4,428,580	HK\$180,000+20% of the excess over HK\$4,000,000
HK\$4,428,581 to HK\$6,000,000	6.00%
HK\$6,000,001 to HK\$6,720,000	HK\$360,000+20% of the excess over HK\$6,000,000
HK\$6,720,001 to HK\$20,000,000	7.50%
HK\$20,000,001 to HK\$21,739,130	HK\$1,500,000+20% of the excess over HK\$20,000,000
HK\$21,739,131 and above	8.50%

The buyer, the seller, and any person who uses the instrument will be jointly and severally liable to pay AVD, be it calculated at Scale 1 or Scale 2 rates. In other words, the buyer, the seller and any person who uses the instrument will have the same extent of liability, under the law, to pay for any AVD payable on the chargeable instruments, irrespective of any agreement to the contrary made between them.

- ii. Profit tax on the profit from the sale of property at tax rates as follows:

<b>Assessable Profit</b>	<b>Rate</b>
Assessable profits up to HK\$2,000,000	8.25%
Any part of assessable profits over HK\$2,000,000	16.5%

- b. Property interests located in the PRC:

- i. Value added tax on the consideration at a rate of 9% (plus a surcharge);
- ii. Corporate income tax on the profit from the sale of property at rate of 25%; and
- iii. Land value appreciation tax on appreciated land value at progressive tax rates as follows:

<b>Appreciated land value</b>	<b>Progressive tax rate</b>
Not more than 50%	30%
More than 50% but not more than 100%	40%
More than 100% but not more than 200%	50%
More than 200%	60%

For the property interests held by the Group, it is continued to be held by the Group and with no intention for disposal. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

#### Remarks

We hereby confirm that:

- (1) we have no present or prospective interest in the properties; and are not a related corporation of nor having a relationship with the Group or other party/parties who the Group is contracting with;
- (2) we are authorised to practise as external valuers and have the necessary expertise and experience in valuing similar types of properties;
- (3) our valuation has been prepared on a fair and unbiased basis;
- (4) the valuer's compensation is not contingent upon reporting of a predetermined value or direction in value that favours the cause of any person, the amount of the value estimate, the attainment of a stipulated result, or occurrence of subsequent event; and
- (5) we are independent of the Group.

Unless otherwise stated, the monetary amounts stated in the valuations of Hong Kong properties are denoted in the currency of Hong Kong Dollars (“**HK\$**”), the lawful currency of Hong Kong.; whilst the monetary amounts stated in the valuations of the PRC properties are denoted in Renminbi (“**RMB**”), the lawful currency of the PRC; and the conversion factors adopted are 1.00 square metre (“**sq.m.**”) to 10.7639 square feet (“**sq.ft.**”) for area measurement, and 1.00 metre (“**m.**”) to 3.2808 feet (“**ft.**”) for length measurement.

We enclose herewith the core content of our valuation report.

Yours faithfully,

For and on behalf of

**VIGERS APPRAISAL AND CONSULTING LIMITED**

**Sr. David W. I. CHEUNG**

*MRICS MHKIS RPS(GP) CREA*

*RICS Registered Valuer*

*Executive Director*

**Sr. Eric W. L. TANG**

*MRICS*

*RICS Registered Valuer*

*Director*

*Note:* Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 39 years’ valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 14-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 18 years’ valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 14-year of experience with Vigers Appraisal and Consulting Limited.

## SUMMARY OF VALUES

## Group I – Properties located in Hong Kong (Properties held for development)

No.	Property	Market Value in Existing State as at the Date of Valuation	Interest attributable to the Company	Capital Value attributable to the Company
1.	Ground Floor to Fifth Floor and Portion of Roof, No. 11 Matheson Street; Ground Floor to Fifth Floor and Portion of Roof, No. 13 Matheson Street, Ground Floor to Fifth Floor, No. 15 Matheson Street, Causeway Bay Hong Kong	HK\$800,000,000	100%	HK\$800,000,000
2.	Workshop Spaces A1, A2, B1, B2, C1, C2 and D on Ground Floor, Workshop Spaces A, B, C and D on 1st Floor, Workshop Spaces A, B and C on 2nd Floor, Workshop Spaces A, B, C and D on 3rd Floor, Workshop Spaces A, B, C and D on 4th Floor, Workshops Spaces B, C and D on 5th Floor, Workshops Spaces A, B and C and D with Roof on 6th Floor, Fung Wah Factorial Building, Nos. 646, 648, 648A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	HK\$355,050,000	100%	HK\$355,050,000
3.	No. 121 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong	HK\$444,000,000	100%	HK\$444,000,000
4.	Nos. 1B-1E Davis Street, Kennedy Town, Hong Kong	HK\$290,000,000	100%	HK\$290,000,000
5.	Ground Floor to Fifth Floor & Roof, No. 93 Catchick Street and Ground Floor, First Floor, Third Floor, Forth Floor, Fifth Floor & Roof, No. 95 Catchick Street, Kennedy Town, Hong Kong	HK\$123,900,000	100%	HK\$123,900,000

## Group II – Properties located in Hong Kong (Properties held for investment)

No.	Property	Market Value in Existing State as at the Date of Valuation	Interest attributable to the Company	Capital Value attributable to the Company
6.	Ground Floor, No. 148 Johnston Road, Wan Chai, Hong Kong	HK\$44,300,000	100%	HK\$44,300,000
7.	Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong	HK\$91,300,000	100%	HK\$91,300,000
8.	2nd Floor, Nos. 790, 792, 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong	HK\$13,200,000	100%	HK\$13,200,000
9.	6th Floor, Nos. 650-652 Castle Peak Road, No. 18A Wing Hong Street, Kowloon, Cheung Sha Wan, Hong Kong	HK\$35,700,000	100%	HK\$35,700,000
10.	House 9 (including garden, carport, flat roof & roof), Villa Castell, No. 20 Yau King Lane, Tai Po, New Territories, Hong Kong	HK\$19,000,000	100%	HK\$19,000,000
11.	Units 1 & 2 on 7th Floor, Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No. 8003 Tai Po Road, Shatin, New Territories, Hong Kong	HK\$18,100,000	100%	HK\$18,100,000
12.	5th Floor, No. 20 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	HK\$15,200,000	100%	HK\$15,200,000
13.	Roof No. 20 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	HK\$1,200,000	100%	HK\$1,200,000
14.	3rd Floor, No. 161 Wong Nai Chung Road, Causeway Bay, Hong Kong	HK\$12,300,000	100%	HK\$12,300,000
15.	Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong	HK\$514,200,000	100%	HK\$514,200,000

**Group III – Properties located in Hong Kong (Properties held for owner-occupation)**

<b>No. Property</b>	<b>Market Value in Existing State as at the Date of Valuation</b>	<b>Interest attributable to the Company</b>	<b>Capital Value attributable to the Company</b>
16. Car Parking Space No. L12 on 4/F, Hong Kong Spinners Industrial Building Phase VI, No. 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	HK\$2,600,000	100%	HK\$2,600,000

**Group IV – Properties located in the PRC (Properties held for investment)**

<b>No. Property</b>	<b>Market Value in Existing State as at the Date of Valuation</b>	<b>Interest attributable to the Company</b>	<b>Capital Value attributable to the Company</b>
17. An Industrial Complex located at No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, The PRC	RMB42,100,000	100%	RMB42,100,000

## PROPERTY VALUATION REPORT

## Group I – Properties located in Hong Kong (Properties held for development)

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
1.	Ground Floor to Fifth Floor and Portion of Roof, No. 11 Matheson Street; Ground Floor to Fifth Floor and Portion of Roof, No. 13 Matheson Street, Ground Floor to Fifth Floor, No. 15 Matheson Street, Causeway Bay, Hong Kong	The property erected on a site with a total area of 2,857 square feet (265.42 square metres) approximately.  Inland Lot No. 730 is held under Government Lease for a lease term of 999 years commencing on 1st September 1881 The property lies on an area zoned “Commercial” under Approved Wan Chai Outline Zoning Plan (No. S/H5/27).	As advised by the Group, the property is at its construction stage and will be completed in early 2022.	HK\$800,000,000 (HONG KONG DOLLARS EIGHT HUNDRED MILLION ONLY)  (100% interest attributable to the Company:  HK\$800,000,000 (HONG KONG DOLLARS EIGHT HUNDRED MILLION ONLY))
	All parts or parcels of ground known and registered at the Land Registry as Section Q, Section R and Section S of Inland Lot No. 730.			

## Notes

1. Pursuant to our recent land search records, the current registered owner of the property is as follows.

Portion of the Property	Registered Owner	Memorial No.	Date
Ground Floor and Cockloft Floor, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
First Floor, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Second Floor, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Third Floor, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Fourth Floor, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Fifth Floor and Portion of Roof, No. 11 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Ground Floor and Cockloft Floor, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018

Portion of the Property	Registered Owner	Memorial No.	Date
First Floor, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Second Floor, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Third Floor, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Fourth Floor, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Fifth Floor and Portion of Roof, No. 13 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	18082100900039	31st July 2018
Ground Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	14091700860037	20th August 2014
First Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	12060700130014	16th May 2012
Second Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	12070500240016	11th June 2012
Third Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	12062800250017	8th June 2012
Fourth Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	12062800250033	8th June 2012
Fifth Floor, No. 15 Matheson Street	MAIN LUCKY ENTERPRISES LIMITED	12062800250047	11th June 2012

2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:

**Nos. 11-13 Matheson Street**

- i. Deed of Mutual Covenants vide Memorial No. UB518944 dated 3rd January 1966;
- ii. Superseding Order No. UBZ/U07-10/0017/08 under S. 24(1) of the Building Ordinance by the Building Authority vide Memorial No. 10020502210059 dated 4th December 2009;
- iii. Sealed Copy Notice of Application to Lands Tribunal for an order for sale in favour of Chancemore Limited (Applicant (The Majority Owner)) and Yee On Enterprises Limited (Respondent (The Minority Owner)) vide Memorial No. 15120200120011 dated 1st December 2015 (Remarks: under Land (Compulsory Sale for Redevelopment) Ordinance (Form 32) pursuant to Section 3(1) Land Compulsory Sale Main Application No. LDCS 17000 of 2015);
- iv. Particulars and Conditions of Sale by Public Auction of Memorandum of Agreement in favour of Chancemore Limited for a consideration of \$441,000,000.00 (PT.) vide Memorial No. 17102500220015 dated 29th September 2017;
- v. Memorandum of Agreement for Sale and Purchase in favour of Main Lucky Enterprises Limited for a consideration of \$504,530,000.00 (PT.) vide Memorial No. 18082100900029 dated 31st July 2018; and
- vi. Debenture and Mortgage for all moneys (PT.) in favour of United Overseas Bank Limited vide Memorial No. 18082100900040 dated 31st July 2018



**Ground Floor and Cockloft Floor, No. 11 Matheson Street**

- i. Sealed Copy Order in favour of Chancemore Limited (Applicant) and Yee On Enterprises Limited (Respondent) in favour of 17111701250114 dated 25th September 2017 (Remarks: In Lands Tribunal of Land Compulsory Sale Main Application No. 17000 of 2015)

**No. 15 Matheson Street**

- i. Deed of Mutual Covenants and Grant in favour of Chan Po Chak vide Memorial No. UB500397 dated 8th July 1965;
- ii. Debenture and Mortgage for all moneys (PT.) in favour of United Overseas Bank Limited vide Memorial No. 18082100900040 dated 31st July 2018

**First to Fifth Floor, No. 15 Matheson Street**

- i. Sealed Copy Notice of Application to Lands Tribunal for an order for sale in favour of Main Lucky Enterprises Limited (Applicant (The Majority Owner)) and Silver Master Limited (Respondent (The Minority Owner)) vide Memorial No. 12122402060034 dated 12th December 2012 (Remarks: under Land (Compulsory Sale for Redevelopment) Ordinance LDCS 56000/2012);
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
  4. Pursuant to Government Lease of Inland Lot No. 730, the property is subject to the following salient lease conditions:  
  
*“...the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty...”*
  5. The Property falls within an area zoned “Commercial” on Draft Wan Chai Outline Zoning Plan No. S/H5/28 (“**the Outline Zoning Plan**”) exhibited on 4th May 2018. According to the explanatory note attached to the Outline Zoning Plan, on the land designated “Commercial”, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum building heights of 130 metres, in terms of metres above Principal Datum, or the height of the existing building, whichever is the greater.
  6. As advised by the Group, the budget of the construction cost and construction work done of the property as of the Date of Valuation are HK\$225,800,000 and HK\$41,014,400 respectively which have been duly considered in our valuation to reflect the quality and existing state of the property.
  7. In the course of our valuations, we have assumed that the aforesaid order (superseding Order No. UB8/U07-10/0017/08 under S.24(1) of the Building Ordinance by the Building Authority) has been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
  8. The gross development value of the property, intended to mean “the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us”, is assessed at HK\$1,152,000,000 (HONG KONG DOLLARS ONE BILLION ONE HUNDRED FIFTY TWO MILLION ONLY) as at the Date of Valuation.
  9. Pursuant to the information provided by the Group, MAIN LUCKY ENTERPRISES LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation																																																																																															
2.	Workshop Spaces A1, A2, B1, B2, C1, C2 and D on Ground Floor, Workshop Spaces A, B, C and D on 1st Floor, Workshop Spaces A, B and C on 2nd Floor, Workshop Spaces A, B, C and D on 3rd Floor, Workshop Spaces A, B, C and D on 4th Floor, Workshops Spaces B, C and D on 5th Floor, Workshops Spaces A, B and C and D with Roof on 6th Floor, Fung Wah Factorial Building, Nos. 646, 648, 648A Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises twenty eight workshop units in a 7-storey industrial building completed in or about 1970.  Fung Wah Factorial Building is erected on a site with a registered area of 855.21 sq.m. (9,205.50 sq.ft.) including a scavenging lane with an area of 63.17 sq.m. (680 sq.ft.) approximately.  As measured from the registered floor plans, the property has a total saleable area of approximately 47,402 sq.ft. (4,403.68 sq.m.) and with breakdown tabulated as follows:	As advised by the Group, the property with saleable area of 34,702 square feet or thereabouts is let to various tenants at an aggregate monthly rent of approximately HK\$670,100.00 with last expiry date on 14th January 2023; and the remainder of the property is vacant for letting.	HK\$355,050,000 (HONG KONG DOLLARS THREE HUNDRED FIFTY FIVE MILLION FIFTY THOUSAND ONLY)  (100% interest attributable to the Company:  HK\$355,050,000 (HONG KONG DOLLARS THREE HUNDRED FIFTY FIVE MILLION FIFTY THOUSAND ONLY))																																																																																															
		<table border="1"> <thead> <tr> <th rowspan="2">Portion</th> <th colspan="2">Saleable Area</th> </tr> <tr> <th>(sq.ft.)</th> <th>(sq.m.)</th> </tr> </thead> <tbody> <tr><td>Workshop A1 on G/F</td><td>1,090</td><td>101.26</td></tr> <tr><td>Workshop A2 on G/F</td><td>800</td><td>74.32</td></tr> <tr><td>Workshop B1 on G/F</td><td>800</td><td>74.32</td></tr> <tr><td>Workshop B2 on G/F</td><td>1,090</td><td>101.26</td></tr> <tr><td>Workshop C1 on G/F</td><td>1,090</td><td>101.26</td></tr> <tr><td>Workshop C2 on G/F</td><td>685</td><td>63.64</td></tr> <tr><td>Workshop D on G/F</td><td>1,637</td><td>152.08</td></tr> <tr><td>Workshop A on 1/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop B on 1/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 1/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop D on 1/F</td><td>1,710</td><td>158.86</td></tr> <tr><td>Workshop A on 2/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop B on 2/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 2/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop A on 3/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop B on 3/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 3/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop D on 3/F</td><td>1,710</td><td>158.86</td></tr> <tr><td>Workshop A on 4/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop B on 4/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 4/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop D on 4/F</td><td>1,710</td><td>158.86</td></tr> <tr><td>Workshop B on 5/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 5/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop D on 5/F</td><td>1,710</td><td>158.86</td></tr> <tr><td>Workshop A on 6/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop B on 6/F</td><td>1,910</td><td>177.44</td></tr> <tr><td>Workshop C on 6/F</td><td>1,775</td><td>164.90</td></tr> <tr><td>Workshop D on 6/F</td><td>1,710</td><td>158.86</td></tr> <tr><td><b>Total</b></td><td><b>47,402</b></td><td><b>4,403.68</b></td></tr> </tbody> </table>	Portion	Saleable Area		(sq.ft.)	(sq.m.)	Workshop A1 on G/F	1,090	101.26	Workshop A2 on G/F	800	74.32	Workshop B1 on G/F	800	74.32	Workshop B2 on G/F	1,090	101.26	Workshop C1 on G/F	1,090	101.26	Workshop C2 on G/F	685	63.64	Workshop D on G/F	1,637	152.08	Workshop A on 1/F	1,910	177.44	Workshop B on 1/F	1,910	177.44	Workshop C on 1/F	1,775	164.90	Workshop D on 1/F	1,710	158.86	Workshop A on 2/F	1,910	177.44	Workshop B on 2/F	1,910	177.44	Workshop C on 2/F	1,775	164.90	Workshop A on 3/F	1,910	177.44	Workshop B on 3/F	1,910	177.44	Workshop C on 3/F	1,775	164.90	Workshop D on 3/F	1,710	158.86	Workshop A on 4/F	1,910	177.44	Workshop B on 4/F	1,910	177.44	Workshop C on 4/F	1,775	164.90	Workshop D on 4/F	1,710	158.86	Workshop B on 5/F	1,910	177.44	Workshop C on 5/F	1,775	164.90	Workshop D on 5/F	1,710	158.86	Workshop A on 6/F	1,910	177.44	Workshop B on 6/F	1,910	177.44	Workshop C on 6/F	1,775	164.90	Workshop D on 6/F	1,710	158.86	<b>Total</b>	<b>47,402</b>	<b>4,403.68</b>		(The site value of the 100% shares in the property: HK\$646,000,000)  (The site value attributable to the property: HK\$618,100,000)
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	All those 112/120th shares or parcels of ground known and registered at the Land Registry as in The Remaining Portion of Section A of New Kowloon Inland Lot No. 2213, Section D of New Kowloon Inland Lot No. 2213, The Remaining Portion of New Kowloon Inland Lot No. 2213 and Section E of New Kowloon Inland Lot No. 2213.																																																																																																		

Please note that each of the Workshops A1, A2, B1, B2, C1 and C2 on the Ground Floor is also inclusive of yard area of 65 sq.ft. (6.04 sq.m.); workshops D on the Ground Floor is also inclusive of yard area of 130 sq.ft. (12.08 sq.m.); workshops A, B, C and D on the 6th floor are also inclusive of the roof area of 1,853 sq.ft. (172.15 sq.m.), 1,873 sq.ft. (174.01 sq.m.), 1,738 sq.ft. (161.47 sq.ft.) and 1,653 sq.ft. (153.57 sq.m.) respectively

New Kowloon Inland Lot No. 2213 is held under Government Lease for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has been further extended to 30th June 2047 without paying additional premium but subject to annual Government Rent equivalent to 3% of the Rateable Values from time to time by virtue of the New Territories (Extension) Ordinance 1988.

*Notes*

1. Pursuant to our recent land search records, the current registered owner of the property is as follows.

<b>Portion of the Property</b>	<b>Registered Owner</b>	<b>Memorial No.</b>	<b>Date</b>
Workshop Space A1 on Ground Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	18021402540413	9th February 2018
Workshop Space A2 on Ground Floor	DAILY LEADER LIMITED	16121600220020	29th November 2016
Workshop Space B1 on Ground Floor	DAILY LEADER LIMITED	16121600220020	29th November 2016
Workshop Space B2 on Ground Floor	DAILY LEADER LIMITED	16121600220020	29th November 2016
Workshop Space C1 on Ground Floor	TOP LEAD INVESTMENT LIMITED	19021502070083	30th January 2019
Workshop Space C2 on Ground Floor	DAILY LEADER LIMITED	16120200320013	9th November 2016
Workshop Space D on Ground Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	17112902490111	15th November 2017
Workshop Space A on 1st Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	17120102210223	14th November 2017
Workshop Space B on 1st Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	17091802150024	22nd August 2017
Workshop Space C on 1st Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890179	5th August 2016
Workshop Space D on 1st Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890183	5th August 2016
Workshop Space A on 2nd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890012	5th August 2016
Workshop Space B on 2nd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890029	5th August 2016
Workshop Space C on 2nd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890030	5th August 2016
Workshop Space A on 3rd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890052	5th August 2016

**APPENDIX III****PROPERTY VALUATION OF THE EE GROUP**

<b>Portion of the Property</b>	<b>Registered Owner</b>	<b>Memorial No.</b>	<b>Date</b>
Workshop Space B on 3rd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890060	5th August 2016
Workshop Space C on 3rd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16083000480025	5th August 2016
Workshop Space D on 3rd Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	17052400460010	5th May 2017
Workshop Space A on 4th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890073	5th August 2016
Workshop Space B on 4th Floor	DAILY LEADER LIMITED	16102700180016	18th October 2016
Workshop Space C on 4th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890097	5th August 2016
Workshop Space D on 4th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890196	18th August 2016
Workshop Space B on 5th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890102	5th August 2016
Workshop Space C on 5th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890113	5th August 2016
Workshop Space D on 5th Floor	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890126	5th August 2016
Workshop Space A on 6th Floor & Roof A	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890139	5th August 2016
Workshop Space B on 6th Floor & Roof B	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890141	5th August 2016
Workshop Space C on 6th Floor & Roof C	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890150	5th August 2016
Workshop Space D on 6th Floor & Roof D	TREASURE ARTS INTERNATIONAL GROUP LIMITED	16082500890161	5th August 2016

2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:

**All subject units**

- i. Deed of Covenant in favour of UB751468 dated 6th July 1970;
- ii. Sealed Copy Judgement in favour of Chau Yan Chi Catherine (Plaintiff) and The Incorporated Owners of Fung Wah Factorial Building (Defendant) vide Memorial No. 14090800830013 dated 22nd July 2014 (Remarks: under DCCJ 1459/2014 RE: The Part in Green or any part thereof as per the ground floor plan annexed in the instrument);
- iii. Order No. UBCSI/06-23/0025/11 under Section 24(1) of the Building Authority for Common Part(s) only vide Memorial No. 16051600750541 dated 19th February 2013;
- iv. Assignment in favour of Treasure Arts International Group Limited for a consideration of \$4,150,000.00 vide Memorial No. 16090100120018 dated 5th August 2016 (Remarks: by Chau Yan Chi Catherine; The Action for Recovery of Land by the Owner was extinguished pursuant to S.17 of Cap 34);
- v. Debenture and Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 17110802400286 dated 16th October 2017 (Remarks: to secure all moneys in respect of General Banking Facilities (including but not limited to term loan facilities of up to \$218,980,000) and all other moneys payable in respect thereof)
- vi. Sealed Copy of Form 32 Notice of Application to Lands Tribunal for an Order for Sale in favour of Daily Leader Limited (1st Applicant), Treasure Arts International Group Limited (2nd Applicant), Top Lead Investment Limited (1st Respondent), Chan Yat Choi, Cheung Fuk Lam and Ip Wai Ching (3rd Respondent) vide Memorial No. 19091100700016 dated 6th September 2019 (Remarks: under Land (Compulsory Sale for Redevelopment) Ordinance pursuant to Section 3(1) Land Compulsory Sale Main Applicant No. LDCS 29000/2019)

**Workshop Space A1 on Ground Floor**

- i. Superseding Notice No. WC/TD00009/18/K-U07 under S. 24C(1) of the Building Ordinance vide Memorial No. 18032602020039 dated 17th January 2018;
- ii. Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 18022702590202 dated 9th February 2018 (Remarks: to secure all moneys in respect of General Banking Facilities (including but not limited to term loan facilities of up to \$218,980,000));
- iii. Superseding Notice No. "WC/TD00009/18/K-U-07 under S.24C(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 18032602020039 dated 17th January 2018

**Workshop Space A2 on Ground Floor**

- i. Waiver Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon West vide Memorial No. 06080901650013 dated 3rd August 2006;
- ii. Notice No. WCBZ/S201490/01/K-U07 by the Building Authority under S.24C(1) of the Building Ordinance vide Memorial No. 08021300560312 dated 28th May 2007;
- iii. Order No. UBCSI/06-23/0026/11 under Section 24(1) of the Building Authority by the Building Authority vide Memorial No. 16051600750555 dated 19th February 2013;

**Workshop Space B1 on Ground Floor**

- i. Notice No. WCBZ/S201490/01/K-U07 by the Building Authority under S.24C(1) of the Building Ordinance vide Memorial No. 0802130056305 dated 28th May 2007;
- ii. Sub-Deed of Covenant vide Memorial No. 12030202200057 dated 16th February 2012;
- iii. Order No. UBCSI/06-23/0027/11 under Section 24(1) of the Building Authority by the Building Authority vide Memorial No. 16051600750569 dated 19th February 2013;
- iv. Deed of Rectification vide Memorial No. 16122200060010 dated 21st December 2016;

**Workshop Space B2 on Ground Floor**

- i. Notice No. WCBZ/S201492/01/K-U07 by the Building Authority under S.24C(1) of the Building Ordinance vide Memorial No. 08021300560298 dated 28th May 2007;
- ii. Sub-Deed of Covenant vide Memorial No. 12030202200057 dated 16th December 2012;
- iii. Deed of Rectification vide Memorial No. 16122200060010 dated 21st December 2016;

**Workshop Space C2 on Ground Floor**

- i. Waiver Letter from the Government of the Hong Kong Special Administrative Region by the District Lands Officer/Kowloon West vide Memorial No. 05051001280012 dated 18th April 2005;
- ii. Order No. UBCSI/06-23/0028/11 under Section 24(1) of the Building Authority by the Building Authority vide Memorial No. 16051600750579 dated 19th February 2013
- iii. Temporary Waiver Letter from District Lands Officer, Kowloon West vide Memorial No. 19091601800071 dated 8th August 2019

**Workshop Space D on Ground Floor**

- i. Waiver Letter from the Government of the HKSAR by the District Lands Officer/Kowloon West vide Memorial No. UB9140119 dated 3rd February 2004
- ii. Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 18022702590202 dated 9th February 2018 (Remarks: to secure all moneys in respect of General Banking Facilities (including but not limited to term loan facilities of up to \$218,980,000));

**Workshop Space A and B on 1st Floor**

- i. Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 18022702590202 dated 9th February 2018 (Remarks: to secure all moneys in respect of General Banking Facilities (including but not limited to term loan facilities of up to \$218,980,000))

**Workshop Space C on 1st Floor**

- i. Order No. DC 0019/91/K under Section. 24(1) of the Building Ordinance by the Building Authority vide Memorial No. UB5302470 dated 24th September 1991;
- ii. Order No. UBCSI/06-23/0023/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750520 dated 19th February 2013;
- iii. Warning Letter from District Lands Officer, Kowloon West vide Memorial No. 19052201490029 dated 21st February 2019

**Workshop Space D on 1st Floor**

- i. Order No. UBCSI/06-23/0024/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750539 dated 19th February 2013;

**Workshop Space A on 2nd Floor**

- i. Order No. UBCSI/06-23/0017/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750495 dated 19th February 2013;
- ii. Warning Letter from District Lands Officer, Kowloon West vide Memorial No. 18012402110027 dated 29th November 2017

**Workshop Space A on 3rd Floor**

- i. Order No. UBCSI/06-23/0013/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750484 dated 19th February 2013;

**Workshop Space C on 3rd Floor**

- i. Warning Letter from District Lands Officer, Kowloon West vide Memorial No. 17122801190027 dated 17th October 2017

**Workshop Space B on 6th Floor & Roof B**

- i. Order No. UBZ/U46/5212/01 under S.24(1) of the Building Ordinance by the Building Authority vide Memorial No. UB9470853 dated 30th August 2002;
- ii. Superseding Order No. CBZ/S2/166614/01/K by the Building Authority under S.24(1) of Buildings Ordinance vide Memorial No. 07022600190401 dated 5th January 2007;
- iii. Order No. UBCSI/06-23/0002/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750442 dated 19th February 2013;

**Workshop Space C on 6th Floor & Roof C**

- i. Order No. UBCSI/06-23/0003/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750454 dated 19th February 2013; and

**Workshop Space D on 6th Floor & Roof D**

- i. Order No. UBCSI/06-23/0004/11 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 16051600750465 dated 19th February 2013.

3. In the course of our valuations, we have assumed that the aforesaid orders have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. Pursuant to Government Lease of New Kowloon Inland Lot No. 2213, the property is subject to the following salient lease conditions:

*“And shall not will erect any building on the said piece or parcel of ground hereby demised or any part thereof other than a factory for the manufacture of soy ginger sauce preserved fruits or vegetable or Chinese sweetmeats and shall not nor will without the consent of the Governor first had and obtained in that behalf make use of the said demised premises or any part thereof for any purpose other such manufacture as aforesaid and shall not nor will erect any domestic building or buildings on the said demised premises or any part thereof other than those for which the said Director may give his consent as reasonable accommodation for the staff and workmen from time to time employed at the said factory.”*

6. The Property falls within an area zoned “Other Specified Uses (Business) 1” on Approved Cheung Sha Wan Outline Zoning Plan No. S/K5/37 (“**the Outline Zoning Plan**”) approved on 6th December 2016. According to the explanatory note attached to the Outline Zoning Plan, on the land designated “Other Specified Uses (Business) 1”, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment of an existing building in excess of a maximum plot ratio of 12.0 or the plot ratio of existing building(s), whichever is the greater; and in a total development and/or redevelopment in excess of a maximum building heights of 130 metres, in terms of metres above Principal Datum, whichever is the greater. On land based designated for “Other Specified Uses (Business) 1”, a minimum setback of 2 metres from the lot boundary abutting Castle Peak Road shall be provided.
7. In assessing the market value of the property, we have taken into consideration the existing Government Lease conditions. No account has been taken into the possible modification of Government Lease and the necessity for payment of land premium.

8. Pursuant to the information provided by the Group, TREASURE ARTS INTERNATIONAL GROUP LIMITED, DAILY LEADER LIMITED and TOP LEAD INVESTMENT LIMITED are wholly-owned subsidiaries of the Company.
9. We have made reference to the latest construction cost report published by “Rider Levett Bucknall”, a leading quantity surveying firm in the region to estimate the budget of the construction cost of around HK\$237,600,000 as at the Date of Valuation. According to the information provided by the Group, the estimated completion date is in the third quarter of 2025.
10. The gross development value of the property, intended to mean “the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us”, is assessed at HK\$1,225,000,000 (HONG KONG DOLLARS ONE BILLION TWO HUNDRED TWENTY FIVE MILLION ONLY) as at the Date of Valuation.
11. In assessing the site value attributable to the Property, we have apportioned the 100% site value in accordance with the proportion of the existing use value of the Property to the total existing use value of all the units in the Fung Wah Factorial Building currently erected on the Site, which is assessed to be HK\$371,000,000 only. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the Lot either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance (Cap. 545).



## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
3.	No. 121 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong  All parts or parcels of ground known and registered in the Land Registry as New Kowloon Inland Lot No. 4474	The property is erected on a site with a registered site area of 509.3879 square metres (or 5,483 square feet) approximately.  The property lies on an area zoned "Other Specified Uses" annotated "Business" under Approved Cheung Sha Wan Outline Zoning Plan (No. S/K5/37).  Kowloon Inland Lot No. 4474 is held under Conditions of Sale No. UB7470 for a term of 99 years from 1st July 1898 less the last three days and has further been extended to 30th June 2047 in accordance with the provisions contained in Annex III of the "Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong" as well as the "New Territories Leases (Extension) Ordinance" that such land lease has been extended without paying additional land premium until 30th June 2047.	As advised by the Group, the property is at its construction stage and will be completed in late 2023.	HK\$444,000,000 (HONG KONG DOLLARS FOUR HUNDRED FORTY FOUR MILLION ONLY)  (100% interest attributable to the Company:  HK\$444,000,000 (HONG KONG DOLLARS FOUR HUNDRED FORTY FOUR MILLION ONLY))

*Notes*

1. Pursuant to our recent land search records, the current registered owner of the property is as follows.

<b>Portion of the Property</b>	<b>Registered Owner</b>	<b>Memorial No.</b>	<b>Date</b>
Workshop A on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Workshop B on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Workshop C on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Workshop D on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Workshop E on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Workshop F on G/F	WEALTH PLAN DEVELOPMENT LIMITED	20030201720045	4th February 2020
Portion A of Car Park on G/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180183	28th June 2017
Portion B of Car Park on G/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180194	28th June 2017
Workshop A on 1/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180014	28th June 2017
Workshop B on 1/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180014	28th June 2017
Workshop A on 2/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180024	28th June 2017
Workshop B on 2/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180049	28th June 2017
Workshop A on 3/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180066	28th June 2017
Workshop B on 3/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180074	28th June 2017
Workshop A on 4/F & Flat Roof	WEALTH PLAN DEVELOPMENT LIMITED	17072400180088	28th June 2017
Workshop B on 4/F & Flat Roof	WEALTH PLAN DEVELOPMENT LIMITED	17072400180088	28th June 2017
Workshop A on 5/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180091	28th June 2017
Workshop B on 5/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180109	28th June 2017

Portion of the Property	Registered Owner	Memorial No.	Date
Workshop A on 6/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180112	28th June 2017
Workshop B on 6/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180112	28th June 2017
Workshop A on 7/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180129	28th June 2017
Workshop B on 7/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180134	28th June 2017
Workshop A on 8/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180148	28th June 2017
Workshop B on 8/F	WEALTH PLAN DEVELOPMENT LIMITED	17072400180157	28th June 2017
Workshop A on 9/F with Roof	WEALTH PLAN DEVELOPMENT LIMITED	17072400180162	28th June 2017
Workshop B on 9/F with Roof	WEALTH PLAN DEVELOPMENT LIMITED	17072400180175	28th June 2017

2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:

**All Subject Units**

- i. Deed of Mutual Covenant vide Memorial No. UB655478 dated 18th November 1968;
- ii. Debenture and Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 17102602290448 dated 16th October 2017
- iii. Sealed Copy of Form 32 Notice of Application to Lands Tribunal for an Order for Sale in favour of Wealth Plan Development Limited (Applicant), Xiu Chuan Limited (1st Respondent), Ng Suk Ha (2nd Respondent), Cheung Kwan Tar (3rd Respondent) and Lo King Wai (4th Respondent) vide Memorial No. 18091401630025 dated 12th September 2018 (Remarks: under Land (compulsory Sale for Redevelopment) Ordinance Pursuant to Section 3(1) Land Compulsory Sale Main Application No. LDCS 21000/2018)
- iv. Sealed Copy of Judgement in favour of Wealth Plan Development Limited (Applicant), Xiu Chuan Limited (1st Respondent), Ng Suk Ha (2nd Respondent), Cheung Kwan Tar (3rd Respondent) and Lo King Wai (4th Respondent) vide Memorial No. 20011500580499 dated 27th December 2019 (Remarks: Land Compulsory Sale Main Application No. LDCS 21000/2018)
- v. Memorandum of Agreement for Sale And Purchase in Favour of Wealth Plan Development Limited vide Memorial No. 20030201720045 dated 4th February 2020 (Remarks: Acting by Lee Kwok Yung and Yam Chiu Wing as Trustees)

**Deeds Pending Registration**

- i. Legal Charge/Mortgage to Secure all Moneys in respect of General Banking Facilities and Interest thereon (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 21010801580062 dated 28th December 2020

**Workshop A on 9/F with Roof**

- i. Notice No. WC/TD001163/06/K-U07 by The Building Authority under S.24C(1) of the Buildings Ordinance vide Memorial No. 07041800480036 dated 3rd May 2006; and

**Workshop B on 9/F with Roof**

- i. Notice No. WC/TD001164/06/K-U07 by The Building Authority under S.24C(1) of The Buildings Ordinance vide Memorial No. 06101300690081 dated 3rd May 2006.
3. In the course of our valuations, we have assumed that the aforesaid orders have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. Conditions of Sale No. UB7470 was granted for industrial and/or godown purposes. Space shall be provided within the Lot for the parking loading and unloading of motor-vehicles at the rate of not less than one vehicle (parking space) for each 10,000 or part of 10,000 square feet of floor area but in any event not less than one vehicle (parking space) for each 5,000 or part of 5,000 square feet of site area.

By two letters from the Registrar General's Department dated 6th November 1986, Workshop D on Ground Floor and Workshop E on Ground Floor was respectively granted a waiver for the life time of the Development to have an area not exceeding 14 square metres or thereabouts for the purpose of a canteen which shall be exclusively for the people employed on the Development.
6. The Property falls within an area zoned "Other Specified Uses" annotated "Business" on Approved Cheung Sha Wan Outline Zoning Plan No. S/K5/37 ("**the Outline Zoning Plan**") dated 6th December 2016. According to the Notes attached to the Outline Zoning Plan, on land designated "Other Specified Uses" annotated "Business", no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum plot ratio of 12.0 or the plot ratio of the existing building(s), whichever is the greater; and in excess of a maximum building heights of 130 metres above Principal Datum, or the height of the existing building, whichever is the greater.
7. In assessing the market value of the property, we have taken into consideration the existing Government Lease conditions. No account has been taken into the possible modification of Government Lease and the necessity for payment of land premium.
8. According to the letter of Proposed Minor Relaxation of Plot Ratio Restriction for Permitted Non-polluting Industrial Use (Excluding Industrial Undertaking Involving the Use/Storage of Dangerous Goods) in "Other Specified Uses" annotated "Business" Zone, 121 King Lam Street, Cheung Sha Wan, Kowloon from Town Planning Board (TPB) dated 4th September 2020, the application of planning permission for minor relaxation of PR restriction from 12 to 14.4 of the Property had been approved and shall be valid until 21st August 2024.
9. As advised by the Group, the budget construction cost and construction work done of the property as of the Date of Valuation are HK\$230,766,642 and HK\$39,812,000 respectively which have been duly considered in our valuation to reflect the quality and existing state of the property.
10. The gross development value of the property, intended to mean "the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us", is assessed at HK\$848,000,000 (HONG KONG DOLLARS EIGHT HUNDRED FORTY EIGHT MILLION ONLY) as at the Date of Valuation.
11. Pursuant to the information provided by the Group, WEALTH PLAN DEVELOPMENT LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
4.	<p>Nos. 1B-1E Davis Street, Kennedy Town, Hong Kong</p> <p>All shares or parcels of ground known and registered at the Land Registry as in Sub-section 9, Sub-Section 3, Sub-Section 8 and Sub-Section 1 of Section A of Marine Lot No. 245.</p>	<p>Completed in 1962, Nos. 1B-1E Davis Street (the “<b>Property</b>”) is located at the northeastern side of Davis Street near its junction of Catchick Street in Kennedy Town district on the Hong Kong Island. The property comprises two 5-storey tenement buildings erected over 1 storey of commercial podium.</p> <p>Upon our inspection and according to the information provided by the Group, the Property comprises 20 residential units and 4 retail shops with a total saleable area of approximately 1,568.50 square metres (or 16,876 square feet) and</p> <p>The Property is erected on 4 parcels of sites with a total registered site area of 458.9415 square metres (or 4,940 square feet) approximately.</p> <p>Marine Lot No. 245 is held under Government Lease for a term of 999 years from 24th June 1892.</p>	<p>According to the information provided by the Group, part of the property with saleable area of 15,706 square feet with aggregate monthly rent of approximately HK\$535,800 with last expiry date 29th October 2022; and the remainder of the property is vacant.</p>	<p>HK\$290,000,000 (HONG KONG DOLLARS TWO HUNDRED NINETY MILLION ONLY)</p> <p>(100% interest attributable to the Company:</p> <p>HK\$290,000,000 (HONG KONG DOLLARS TWO HUNDRED NINETY MILLION ONLY))</p> <p><i>(The site value of the property: HK\$704,000,000)</i></p>

*Notes*

1. Pursuant to the recent land registration record, the current registered owner of the Property are listed as below:

<b>Portion of the Property</b>	<b>Registered Owner</b>	<b>Memorial No.</b>	<b>Date</b>
G/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11022400770048	26th January 2011
1/F including Flat Roof, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120014	15th April 2011
2/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120028	15th April 2011
3/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120034	15th April 2011
4/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120046	15th April 2011
5/F and Roof, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120057	15th April 2011
G/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	14043002470076	7th April 2014
1/F including Flat Roof, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120064	15th April 2011
2/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120072	15th April 2011
3/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120086	15th April 2011
4/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	10120900470163	15th April 2011
5/F and Roof, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED	11050901120096	15th April 2011
G/F, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520110	25th September 2019
1/F, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520123	10th October 2019
2/F, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520139	10th October 2019
3/F, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520145	10th October 2019
4/F, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520157	10th October 2019
5/F and Roof, No. 1D Davis Street	EXTRA GLORY LIMITED	19102202520166	10th October 2019
No. 1E Davis Street	EXTRA GLORY LIMITED	19102202520178	10th October 2019

2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:

**All Subject Units**

- i. Debenture and Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 19102202520181 dated 10th October 2019

**Ground Floor to Fifth Floor, No. 1B Davis Street**

- i. Deed of Mutual Covenant vide Memorial No. UB1571661 dated 30th August 1978; and

**Ground Floor to Fifth Floor, No. 1C Davis Street**

- i. Deed of Mutual Covenant vide Memorial No. UB2395080 dated 20th July 1983

**Ground Floor to Fifth Floor, No. 1D Davis Street**

- i. Deed of Mutual Covenant vide Memorial No. UB2357685 dated 15th September 1982

3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to Government Lease of Marine Lot No. 245, the property is subject to the salient land lease conditions extracted as follows:
- “...the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty...”*
5. The Property falls within an area zoned “Residential Group A” on Approved Kennedy Town & Mount Davis Outline Zoning Plan No. S/H1/20 (“**the Outline Zoning Plan**”) approved on 11th March 2016. According to the explanatory note attached to the Outline Zoning Plan, on land designated “Residential Group A”, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum building heights of 80 metres above Principal Datum, or the height of the existing building whichever is the greater.
6. Pursuant to the information provided by the Group, SILVER PROSPER HOLDINGS LIMITED and EXTRA GLORY LIMITED are wholly-owned subsidiaries of the Company.
7. We have made reference to the latest construction cost report published by “Rider Levett Bucknall”, a leading quantity surveying firm in the region to estimate the budget of the construction cost of around HK\$104,400,000 as at the Date of Valuation.
8. The gross development value of the property, intended to mean “the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us”, is assessed at HK\$1,065,000,000 (HONG KONG DOLLARS ONE BILLION SIXTY FIVE MILLION ONLY) as at the Date of Valuation. According to the information provided by the Group, the estimated completion date is in the third quarter of 2025.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
5.	<p>Ground Floor to Fifth Floor &amp; Roof, No. 93 Catchick Street and Ground Floor, First Floor, Third Floor, Fourth Floor, Fifth Floor &amp; Roof, No. 95 Catchick Street, Kennedy Town, Hong Kong</p> <p>All those 11/12th shares or parcels of ground known and registered at the Land Registry as in The Remaining Portion and Sub-Section 7 of Section A of Marine Lot No. 245</p>	<p>Completed in 1962, Nos. 93-95 Catchick Street (the “<b>Development</b>”) is located at the northwestern side of Catchick Street near its junction of Davis Street in Kennedy Town district on the Hong Kong Island. The Development comprises two 5-storey of tenement buildings erected over 1 storey of commercial podium.</p> <p>Upon our inspection and according to the information provided by the Group, the Property comprises 9 residential units and 2 retail shops with a total saleable area of approximately 621.41 square metres (or 6,691 square feet).</p> <p>The Development is erected on 2 parcel of sites with a total registered site area of 202.7339 square metres (or 2,182.25 square feet) approximately.</p> <p>Marine Lot No. 245 is held under Government Lease for a term of 999 years from 24th June 1892.</p>	<p>According to the information provided by the Group, part of the property with saleable area of 3,925 square feet was tenanted at an aggregate monthly rent of approximately HK\$197,300 with last expiry date on 21st October 2021; and the remainder of the property is vacant.</p>	<p>HK\$123,900,000 (HONG KONG DOLLARS ONE HUNDRED TWENTY THREE MILLION NINE HUNDRED THOUSAND ONLY)</p> <p>(100% interest attributable to the Company:</p> <p>HK\$123,900,000 (HONG KONG DOLLARS ONE HUNDRED TWENTY THREE MILLION NINE HUNDRED THOUSAND ONLY))</p> <p><i>(The site value of the 100% shares in the property: HK\$273,000,000)</i></p> <p><i>(The site value Attribute to the property: HK\$257,200,000)</i></p>



*Notes*

1. Pursuant to the recent land registration record, the current registered owner of the Property are listed as below:

<b>Portion of the Property</b>	<b>Registered Owner</b>	<b>Memorial No.</b>	<b>Date</b>
G/F, No. 93 Catchick Street	SUCCESS MARK INVESTMENTS LIMITED	11031102620227	15th February 2011
1/F, No. 93 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690038	22nd July 2020
2/F, No. 93 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690049	22nd July 2020
3/F, No. 93 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690059	22nd July 2020
4/F, No. 93 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690064	22nd July 2020
5/F and Roof, No. 93 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690078	22nd July 2020
G/F, No. 95 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690088	22nd July 2020
1/F, No. 95 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690092	22nd July 2020
3/F, No. 95 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690100	22nd July 2020
4/F, No. 95 Catchick Street	NICE ABLE HOLDINGS LIMITED	20070300260015	23rd June 2020
5/F and Roof, No. 95 Catchick Street	NICE ABLE HOLDINGS LIMITED	20080301690114	22nd July 2020

2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:

**All Subject Units**

- i. Sealed Copy of Notice of Application To Lands Tribunal for an Order for Sale in favour of Nice Able Holdings Limited (1st Applicant), Success Mark Investments Limited (2nd Applicant), Chi Ah Chiang (1st Respondent) and Lee Sai Mee (2nd Respondent) vide Memorial No. 21011502380113 dated 18th August 2020 (Remarks: under Land (Compulsory Sale for Redevelopment) Ordinance Land Compulsory Sale Main Application No. LDCS 22000 of 2020)

**All Subject Units except G/F, No. 93 Catchick Street**

- i. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20080301690128 dated 24th July 2020
- ii. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20080301690132 dated 24th July 2020

**G/F to 5/F & Roof, No. 93 Catchick Street**

- i. Deed of Mutual Covenant vide Memorial No. UB378648 dated 27th September 1962; and

**G/F, 1/F, 3/F to 5/F & Roof, No. 95 Catchick Street**

- i. Deed of Covenant vide Memorial No. UB1308687 dated 29th September 1976
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
  4. Pursuant to Government Lease of Marine Lot No. 245, the property is subject to the salient land lease conditions extracted as follows:

*“...the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty...”*
  5. The Property falls within an area zoned “Residential Group A” on Approved Kennedy Town & Mount Davis Outline Zoning Plan No. S/H1/20 (“**the Outline Zoning Plan**”) approved on 11th March 2016. According to the explanatory note attached to the Outline Zoning Plan, on land designated “Residential Group A”, no new development, or addition, alteration and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum building heights of 100 metres above Principal Datum, or the height of the existing building whichever is the greater.
  6. Pursuant to the information provided by the Group, SUCCESS MARK INVESTMENTS LIMITED and NICE ABLE HOLDINGS LIMITED are wholly-owned subsidiaries of the Company.
  7. We have made reference to the latest construction cost report published by “Rider Levett Bucknall”, a leading quantity surveying firm in the region to estimate the budget of the construction cost of around HK\$49,000,000 as at the Date of Valuation.
  8. The gross development value of the property, intended to mean “the market value of the property assuming the proposed development has been newly completed as at the Date of Valuation pursuant to the prevailing development control parameters under the relevant regulatory frameworks as well as the latest hypothetical development proposal made available to us”, is assessed at HK\$431,000,000 (HONG KONG DOLLARS FOUR HUNDRED THIRTY ONE MILLION ONLY) as at the Date of Valuation. According to the information provided by the Group, the estimated completion date is in the third quarter of 2025.
  9. In assessing the site value attributable to the Property, we have apportioned the 100% site value in accordance with the proportion of the existing use value of the Property to the total existing use value of all the units in the Development currently erected on the Site, which is assessed to be HK\$131,500,000 only. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the Lot either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance (Cap. 545).

## PROPERTY VALUATION REPORT

## Group II – Properties located in Hong Kong (Properties held for investment)

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
6.	Ground Floor, No. 148 Johnston Road, Wan Chai, Hong Kong  All those 1/31st parts or parcels of ground known and registered at the Land Registry as Sub-Section 1 of Section A and The Remaining Portion of Section A of Marine Lot No. 118	The property comprises a shop on ground floor in a 15-storey residential and commercial composite building completed in 1967.  As measured from the registered floor plans, the property has a saleable area of approximately 516 square feet (47.94 square metres) plus a yard of approximately 62 square feet (5.76 square metres).  Marine Lot No. 118 is held under Government Lease for a lease term of 999 years commencing on 15th May 1855.	As advised by the Group, the property is let for a term of five years commencing on 1st May 2020 and expiring on 30th April 2025 at a monthly rent of HK\$110,000 for year 1 to 3 and HK\$120,000 for year 4 and 5 exclusive of Rates and management fee.	HK\$44,300,000 (HONG KONG DOLLARS FORTY THREE MILLION THREE HUNDRED THOUSAND ONLY)  (100% interest attributable to the Company:  HK\$44,300,000 (HONG KONG DOLLARS FORTY THREE MILLION THREE HUNDRED THOUSAND ONLY))

## Notes

1. Pursuant to our recent land search record, the current registered owner of the property is “CLEVER WISE HOLDINGS LIMITED” vide Memorial No. 09101602960268 dated 21st September 2009.
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Grant of Mutual Rights and Covenants in favour of Kiu Nam Investment Corporation Ltd. vide Memorial No. UB657002 dated 11th December 1968;
  - ii. Legal Charge/Mortgage in favour of The Bank of East Asia, Limited to secure all moneys in respect of General Banking Facilities vide Memorial No. 20020301400041 dated 14th January 2020; and
  - iii. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20020301400057 dated 14th January 2020.
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to the information provided by the Group, CLEVER WISE HOLDINGS LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
7.	Ground Floor, No. 6 Cannon Street, Causeway Bay, Hong Kong  All those 1/36th parts or parcels of ground known and registered at the Land Registry as The Remaining Portion of Section F of Marine Lot No. 52 and The Extension Thereto	The property comprises a shop unit on ground floor in a 12-storey residential and commercial composite building completed in 1961.  As measured from the registered floor plans, the property has a saleable area of approximately 472 square feet (43.85 square metres).  Marine Lot No. 52 is held under Government Lease for a lease term of 999 years commencing on 25th June 1843	As advised by the Group, the property is let for a term of 2 years commencing on 1st August 2020 and expiring on 31st July 2022 at a monthly rent of HK\$90,000 for year 1 and HK\$100,000 for year 2 exclusive of Rates and management fee.	HK\$91,300,000 (HONG KONG DOLLARS NINETY ONE MILLION THREE HUNDRED THOUSAND ONLY)  (100% interest attributable to the Company: HK\$91,300,000 (HONG KONG DOLLARS NINETY ONE MILLION THREE HUNDRED THOUSAND ONLY))

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is "TOP CHANNEL ENTERPRISES LIMITED" vide Memorial No. 1205300820029 dated 16th May 2012.
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Mutual Covenant vide Memorial No. UB412192 dated 16th September 1963;
  - ii. Mortgage for all monies in favour of Hang Seng Bank Limited vide Memorial No. 12053000820037 dated 16th May 2012; and
  - iii. Rental Assignment Incorporation a charge over account in favour of Hang Seng Bank Limited vide Memorial No. 12053000820042 dated 16th May 2012.
  - iv. Notice No. "UMB/BAMB01/1801-263/0001" under S. 30B(3) of the Buildings Ordinance vide Memorial No. 19122701870030 dated 26th September 2019 (Remarks: re: Common Part(s))
  - v. Notice No. "UMW/BAMB01/1801-263/0001" under S. 30C(3) of the Buildings Ordinance vide Memorial No. 19122701870041 dated 26th September 2019 (Remarks: re: Common Part(s) by the Building Authority)
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. In the course of our valuations, we have assumed that the aforesaid notices have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
5. Pursuant to the information provided by the Group, TOP CHANNEL ENTERPRISES LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
8.	2nd Floor, Nos. 790, 792, 794 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises three industrial units on second floor in a three contiguous industrial buildings completed in or about 1959.	As advised by the Group, the property is let for a term of three year commencing on 10th October 2019 and expiring on 30th November 2022 at a monthly rent of HK\$33,000 exclusive of Rates and management fee.	HK\$13,200,000 (HONG KONG DOLLARS THIRTEEN MILLION TWO HUNDRED THOUSAND ONLY)
	All those 1/7th parts or parcels of ground known and registered at the Land Registry as The Remaining Portion, Section D and Section C of Sub-Section 4 of Section B of New Kowloon Inland Lot No. 3516	As measured from the registered floor plans, the property has a saleable area of approximately 2,981 square feet (276.94 square metres).  New Kowloon Inland Lot No. 3516 is held under Condition of Sales No. 4268 for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has statutorily been extended to 30th June 2047 without paying additional land premium.		(100% interest attributable to the Company:  HK\$13,200,000 (HONG KONG DOLLARS THIRTEEN MILLION TWO HUNDRED THOUSAND ONLY))

*Notes*

- Pursuant to our recent land search record, the current registered owner of the property is "JANSON PROPERTIES LIMITED" vide Memorial No. UB6990858 dated 18th December 1996.
- Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:

**2nd Floor, 790, 792 and 794 Cheung Sha Wan Road**

- Deed of Mortgage to secure all moneys in respect of General Banking Facilities (PT.) in favour of O-Bank Co. Ltd., Hong Kong Branch vide Memorial No. 18051102330225 dated 26th April 2018; and
- Assignment of Rentals in favour of O-Bank Co. Ltd., Hong Kong Branch vide Memorial No. 18051102330232 dated 26th April 2018
- Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
- Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090121 dated 24th July 2020

**2nd Floor, 790 Cheung Sha Wan Road**

- Deed of Mutual Covenant vide Memorial No. UB300043 dated 20th June 1959;
- Order No. C/TD/002251/15/K under Section 24(1) of the Building Ordinance by the Building Authority with a letter issued by the Building Authority dated 19th February 2016 for common part(s) only vide Memorial No. 16032300900038 dated 2nd December 2015;
- Order No. "D00074/K/20/TD" by The Building Authority under S. 26 of The Buildings Ordinance vide Memorial No. 20061600570285 dated 14th May 2020 (Remarks: Re: For The External Wall facing Cheung Sha Wan Road and No. 788 Cheung Sha Wan Road only)

**2nd Floor, 792 Cheung Sha Wan Road**

- i. Deed of Mutual Covenant vide Memorial No. UB300042 dated 20th June 1959;
- ii. Order No. C/TD/002251/15/K under Section 24(1) of the Building Ordinance by the Building Authority with a letter issued by the Building Authority dated 19th February 2015 for common part(s) only vide Memorial No. 16032300900038 dated 2nd December 2015;
- iii. Order No. "D00074/K/20/TD" by The Building Authority under S. 26 of the Buildings Ordinance vide Memorial No. 20061600570285 dated 14th May 2020 (Remarks: Re: For The External Wall facing Cheung Sha Wan Road and No. 788 Cheung Sha Wan Road only)

**2nd Floor, 794 Cheung Sha Wan Road**

- i. Deed of Mutual Covenant vide Memorial No. UB300530 dated 20th June 1959; and
  - ii. Order No. C/TD/001883/15/K under Section 24(1) of the Building Ordinance by the Building Authority with a letter issued by the Building Authority dated 19th February 2016 for common part(s) only vide Memorial No. 16032300900025 dated 12th August 2015.
  - iii. Order No. "D00122/K/19/Td" by The Building Authority under S. 26 of The Buildings Ordinance vide Memorial No. 19062601610088 dated 10th May 2019 (Remarks: Re: For The Approved Canopy on External Wall at 1/F facing Cheung Sha Wan Road only)
  - iv. Order No. "D00075/K/20/Td" by The Building Authority under S. 26 of The Buildings Ordinance vide Memorial No. 20061600570290 dated 14th May 2020 (Remarks: Re: For The External Wall Facing Cheung Sha Wan Road And Tai Nan West Street Only)
3. In the course of our valuations, we have assumed that the aforesaid order have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
  4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
  5. Pursuant to the information provided by the Group, JANSON PROPERTIES LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
9.	6th Floor, Nos. 650-652 Castle Peak Road, No. 18A Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises an industrial unit on sixth floor in a 9-storey of industrial building completed in or about 1961.	As advised by the Group, the property is let for a term of two years commencing on 16th August 2019 and expiring on 15th August 2021 at a monthly rent of HK\$120,000 exclusive of Rates and management fee.	HK\$35,700,000 (HONG KONG DOLLARS THIRTY FIVE MILLION SEVEN HUNDRED THOUSAND ONLY)
	All those 4/40th parts or parcels of ground known and registered at the Land Registry as Section B of New Kowloon Inland Lot No. 1750.	As measured from the registered floor plans, the property has a saleable area of approximately 8,608 square feet (799.71 square metres).  New Kowloon Inland Lot No. 1750 is held under Government Lease for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has statutorily been extended to 30th June 2047 without paying additional land premium.		(100% interest attributable to the Company:  HK\$35,700,000 (HONG KONG DOLLARS THIRTY FIVE MILLION SEVEN HUNDRED THOUSAND ONLY))

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is "GOLDEN TOP PROPERTIES LIMITED" vide Memorial No. UB7044818 dated 27th March 1997.
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Covenant vide Memorial No. UB344480 dated 12th June 1961;
  - ii. Order No. C/HH/002676/16/K by the Building Authority under Section 24(1) of the Building Ordinance vide Memorial No. 16101902060118 dated 22nd September 2016;
  - iii. Order No. D00297/K/16/HH by the Building Authority under Section 26 of the Building Ordinance vide Memorial No. 16101902060120 dated 22nd September 2016; and
  - iv. Warning Letter from District Lands Officer/Kowloon East vide Memorial No. 17031700680012 dated 1st December 2016
  - v. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
  - vi. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090103 dated 24th July 2020
3. In the course of our valuation, we have assumed that the aforesaid orders have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. Pursuant to the information provided by the Group, GOLDEN TOP PROPERTIES LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation									
10.	House 9 (including garden, carport, flat roof & roof), Villa Castell, No. 20 Yau King Lane, Tai Po, New Territories, Hong Kong	The property comprises a 3-storey semi-detached house in a terraced house development of Villa Castell which was completed in 1992.	As advised by the Group, the property is let for a term of three years commencing on 11th June 2018 and expiring on 6th October 2021 at a monthly rent of HK\$45,000 inclusive of Rates and management fee.	HK\$19,000,000 (HONG KONG DOLLARS NINETEEN MILLION ONLY)									
	All those 45/3050th parts or parcels of ground known and registered at the Land Registry as Tai Po Town Lot No. 96	As measured from the registered floor plans, the property has a saleable area of approximately 1,599 square feet (148.55 square metres) with the ancillary accommodation as follows:		(100% interest attributable to the Company:									
		<table border="1"> <thead> <tr> <th>Portion</th> <th>Ancillary Area</th> </tr> </thead> <tbody> <tr> <td>Carport</td> <td>586 sq.ft. or 54.44 sq.m.</td> </tr> <tr> <td>Garden</td> <td>1,088 sq.ft. or 101.08 sq.m.</td> </tr> <tr> <td>Roof</td> <td>284 sq.ft. or 26.38 sq.m.</td> </tr> <tr> <td>Flat Roof</td> <td>27 sq.ft. or 2.51 sq.m.</td> </tr> </tbody> </table>	Portion	Ancillary Area	Carport	586 sq.ft. or 54.44 sq.m.	Garden	1,088 sq.ft. or 101.08 sq.m.	Roof	284 sq.ft. or 26.38 sq.m.	Flat Roof	27 sq.ft. or 2.51 sq.m.	HK\$19,000,000 (HONG KONG DOLLARS NINETEEN MILLION ONLY))
Portion	Ancillary Area												
Carport	586 sq.ft. or 54.44 sq.m.												
Garden	1,088 sq.ft. or 101.08 sq.m.												
Roof	284 sq.ft. or 26.38 sq.m.												
Flat Roof	27 sq.ft. or 2.51 sq.m.												
		Tai Po Town Lot No. 96 is held under New Grant No. TP12439 for a lease term from 15th September 1988 to 30th June 2047.											

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is "GIANT EAST LIMITED" vide Memorial No. 17122102600760 dated 22nd November 2017
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Mutual Covenants vide Memorial No. TP401571 dated 18th August 1992;
  - ii. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
  - iii. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090134 dated 24th July 2020
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to the information provided by the Group, GIANT EAST LIMITED is a wholly-owned subsidiary of the Company.



## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
11.	Units 1 & 2 on 7th Floor, Block D and Car Parking Space No. 46 on Lower Ground Floor, Shatin Heights, No. 8003 Tai Po Road, Shatin, New Territories, Hong Kong	The property comprises two domestic units on 7th floor of Block D and a car parking space in Shatin Heights completed in or about 1983.  As measured from the registered floor plans, the property has a total saleable floor area of approximately 2,086 square feet (193.80 square metres).  Lot No. 1510 in D.D. 189 is held under New Grant No. 9988 for a lease term of 99 years commencing on 1st July 1898 and has been further extended to 30th June 2047 without paying additional premium but subject to annual Government Rent equivalent to 3% of the Rateable Values from time to time by virtue of the New Territories (Extension) Ordinance 1988.	As advised by the Group, the property is let for a term of two years commencing on 23rd December 2019 and expiring on 22nd December 2021 at a monthly rent of HK\$24,000 inclusive of Rates and management fee.	HK\$18,100,000 (HONG KONG DOLLARS EIGHTEEN MILLION ONE HUNDRED THOUSAND ONLY)  (100% interest attributable to the Company:  HK\$18,100,000 (HONG KONG DOLLARS EIGHTEEN MILLION ONE HUNDRED THOUSAND ONLY))

*Notes*

- Pursuant to our recent land search record, the current registered owner of the property is "EXCELLENT EAST LIMITED" vide Memorial No. 17122102600749 dated 22nd November 2017
- Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:

**All subject units**

- Deed of Mutual Covenant in favour of ST245278 dated 25th November 1983; and
- Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
- Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090148 dated 24th July 2020

**Car Parking Spaces No. 46 on Lower Ground Floor**

- Notice No. WNZ/U24-21/0012/05 by the Building Authority under Section 24C(1) of the Buildings Ordinance vide Memorial No. 10083102160101 dated 23rd October 2009.
- In the course of our valuations, we have assumed that the aforesaid notice has been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
  - Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
  - Pursuant to the information provided by the Group, EXCELLENT EAST LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
12.	5th Floor, No. 20 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises an industrial unit on 5th floor in a 6-storey industrial building completed in or about 1965. As measured from the registered floor plans, the property has a saleable floor area of approximately 3,402 square feet (316.05 square metres).	As advised by the Group, the property together with Roof, no. 20 Wing Hong Street is let for a term of two years commencing on 1st June 2019 and expiring on 31st May 2021 at a monthly rent of HK\$33,000 exclusive of Rates and management fee.	HK\$15,200,000 (HONG KONG DOLLARS FIFTEEN MILLION TWO HUNDRED THOUSAND ONLY)
	All those 4/25th shares or parcels of ground known and registered at the Land Registry as Section B of New Kowloon Inland Lot No. 2213	New Kowloon Inland Lot No. 2213 is held under Government Lease for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has statutorily been extended to 30th June 2047 without paying additional land premium.		(100% interest attributable to the Company: HK\$15,200,000 (HONG KONG DOLLARS FIFTEEN MILLION TWO HUNDRED THOUSAND ONLY))

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is “CAPITAL WELL (H.K.) LIMITED” vide Memorial No. 17122102600720 dated 22nd November 2017.
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Mutual Covenant in favour of UB472966 dated 11th January 1965;
  - ii. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
  - iii. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090112 dated 24th July 2020
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to the information provided by the Group, CAPITAL WELL (H.K.) LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
13.	Roof No. 20 Wing Hong Street, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises a roof area on the roof of a 6-storey industrial building completed in or about 1965.	As advised by the Group, the property together with 5th floor, No. 20 Wing Hong Street is let for a term of two years commencing on 1st June 2019 and expiring on 31st May 2021 at a monthly rent of HK\$33,000 exclusive of Rates and management fee.	HK\$1,200,000 (HONG KONG DOLLARS ONE MILLION TWO HUNDRED THOUSAND ONLY)  (100% interest attributable to the Company:  HK\$1,200,000 (HONG KONG DOLLARS ONE MILLION TWO HUNDRED THOUSAND ONLY))
	All those 1/25th shares or parcels of ground known and registered at the Land Registry as Section B of New Kowloon Inland Lot No. 2213.	As measured from the registered floor plans, the property has a roof area of approximately 2,910 square feet (270.35 square metres).  New Kowloon Inland Lot No. 2213 is held under Government Lease for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has been further extended to 30th June 2047 without paying additional premium but subject to annual Government Rent equivalent to 3% of the Rateable Values from time to time by virtue of the New Territories (Extension) Ordinance 1988.		

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is "CAPITAL WELL (H.K.) LIMITED" vide Memorial No. 17122102600720 dated 22nd November 2017.
2. Pursuant to the recent land registration record, the property is subject to the following salient encumbrances:
  - i. Deed of Mutual Covenant in favour of UB472966 dated 11th January 1965; and
  - ii. Notice No. WNZ/U03-36/0001/05 by the Building Authority under S.24C(1) of the Building Ordinance vide Memorial No. 08071101000031 dated 21st July 2007.
  - iii. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
  - iv. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090112 dated 24th July 2020
3. In the course of our valuations, we have assumed that the aforesaid order has been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. Pursuant to the information provided by the Group, CAPITAL WELL (H.K.) LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
14.	3rd Floor, No. 161 Wong Nai Chung Road, Hong Kong	The property comprises a domestic unit on 3rd floor of a 10-storey residential building completed in or about 1959.	As advised by the Group, the property is let for a term of two years commencing on 27th January 2020 and expiring on 26th January 2022 at a monthly rent of HK\$32,000 inclusive of Rates and management fee.	HK\$12,300,000 (HONG KONG DOLLARS TWELVE MILLION THREE HUNDRED THOUSAND ONLY)
	All those 1/11th shares or parcels of ground known and registered at the Land Registry as Inland Lot No. 4384.	As measured from the registered floor plans, the property has a saleable area of approximately 781 square feet (72.60 square metres). Inland Lot No. 4384 is held under Government Lease for a lease term of 75 years commencing on 6th November 1899 renewed for a further lease term of 75 years.		(100% interest attributable to the Company: HK\$12,300,000 (HONG KONG DOLLARS TWELVE MILLION THREE HUNDRED THOUSAND ONLY))

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is "GOLDCHAMP INTERNATIONAL LIMITED" vide Memorial No. UB7869937 dated 24th August 1999.
2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:
  - i. Deed of Covenant vide Memorial No. UB289866 dated 28th January 1959;
  - ii. Order No. UMB/50D101/1501-148/0001 under Section 30B(3) of the Buildings Ordinance by the Building Authority vide Memorial No. 16120901000013 dated 29th September 2016; and
  - iii. Order No. UMW/50D101/1501-148/0001 under Section 30C(3) of the Buildings Ordinance by the Building Authority vide Memorial No. 16120901000021 dated 29th September 2016.
  - iv. Legal Charge/Mortgage to secure All Moneys in respect of General Banking Facilities Granted by The Lender to The Borrower (PT.) in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090089 dated 24th July 2020
  - v. Assignment of Rental in favour of The Bank of East Asia, Limited vide Memorial No. 20081801090096 dated 24th July 2020
3. In the course of our valuations, we have assumed that the aforesaid orders have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial works, if any.
4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. Pursuant to the information provided by the Group, GOLDCHAMP INTERNATIONAL LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
15.	Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong  All parts or parcels of ground known and registered at the Land Registry as New Kowloon Inland Lot No. 6238.	Completed in 1998, Easy Tower (the “Property”) is located at the junction of Tai Nan West Street and Wing Hong Street in Cheung Sha Wan district of Kowloon. The Development comprises a 20-storey industrial-office building erected over 6 storey car parking, machine room and lobby podium basement.  The property has a total gross floor area of about 74,458 square feet (or 6,917.37 square metres); and the carpark of the property accommodates a total of 26 covered private car parking spaces and 4 covered lobby parking spaces.  New Kowloon Inland Lot No. 6238 is held under Conditions of Exchange No. 12507 for a term of 50 years from 15th December 1997.	According to the information provided by the Group, part of the office portion with gross floor area of 70,051 square feet and all portion of parking portion of the Property are leased to various tenants at an aggregate monthly rent of approximately HK\$1,272,821.7 with last expiry date on 1st July 2023; and the remainder of the property is vacant for letting.	HK\$514,200,000 (HONG KONG DOLLARS FIVE HUNDRED FOURTEEN MILLION TWO HUNDRED THOUSAND ONLY)  (100% interest attributable to the Company:  HK\$514,200,000 (HONG KONG DOLLARS FIVE HUNDRED FOURTEEN MILLION TWO HUNDRED THOUSAND ONLY))

*Notes*

1. Pursuant to our recent land search record, the current registered owner of the property is “WELLMAKE INVESTMENTS LIMITED”.
2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:
  - i. Certificate of Compliance from District Lands Office, Kowloon West, Lands Department vide Memorial No. UB7677254 dated 29th January 1999;
  - ii. Occupation Permit No. NK36/98 vide Memorial No. UB7685205 dated 12th November 1998;
  - iii. Mortgage in favour of Hang Seng Bank Limited to secure all Moneys in respect of General Banking Facilities vide Memorial No. 19101102540159 dated 3rd October 2019
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to the information provided by the Group, WELLMAKE INVESTMENTS LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

## Group III – Properties located in Hong Kong (Properties held for owner-occupied)

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
16.	Car Parking Space No. L12 on 4/F, Hong Kong Spinners Industrial Building Phase VI, No. 481 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises a typical lorry parking space on fourth floor in a 10-storey of industrial building with 1-level car parking basement completed in or about 1980.	As advised by the Group, the property is currently owner-occupied.	HK\$2,600,000 (HONG KONG DOLLARS TWO MILLION SIX HUNDRED THOUSAND ONLY)
	All those 10/11133rd parts or parcels of ground known and registered at the Land Registry as Section C of New Kowloon Inland Lot No. 3516.	New Kowloon Inland Lot No. 3516 is held under Government Lease for a lease term of 75 years commencing on 1st July 1898 renewed for a further lease term of 24 years and has statutorily been extended to 30th June 2047 without paying additional land premium.		(100% interest attributable to the Company: HK\$2,600,000 (HONG KONG DOLLARS TWO MILLION SIX HUNDRED THOUSAND ONLY))

## Notes

1. Pursuant to our recent land search record, the current registered owner of the property is “GRAND PROFIT DEVELOPMENT LIMITED”.
2. Pursuant to our recent land search records, the property is subject to the following salient encumbrances:
  - i. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3964991 dated 6th January 1989;
  - ii. Sub-Deed Of Mutual Covenant and Management Agreement vide Memorial No. UB4150881 dated 30th June 1989
  - iii. Management Agreement in favour of Citybase Property Management Limited “The Manager” vide Memorial No. UB4150882 dated 30th June 1989
3. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
4. Pursuant to the information provided by the Group, GRAND PROFIT DEVELOPMENT LIMITED is a wholly-owned subsidiary of the Company.

## PROPERTY VALUATION REPORT

## Group IV – Properties located in the PRC (Properties held for investment)

No.	Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation																								
17.	An Industrial Complex located at No. 108 Dongliang Road, Zhili Town, Wuxing District, Huzhou City, Zhejiang Province, The PRC	<p>The property comprises 15 blocks of factory and 5 blocks of dormitories erected over 2 connected parcels of land completed in between 2009 to 2019.</p> <p>The property has a total site area of about 167,739.56 square metres; the existing developments have a total gross floor area of about 152,722.24 sq.m..</p> <p>As advised and according to the information provided by the Group, the permitted gross floor area of the property is 181,768.70 sq.m. of which the remaining is 29,045.96 sq.m. for future development(s).</p> <p>The breakdown of gross floor area of the property is tabulated as follows.</p> <table border="1"> <tr> <td>Factories 1, 2, 3, 6 &amp; 19 (1 to 2-storey)</td> <td>24,314.17 sq.m.</td> </tr> <tr> <td>Factory 15 (2-storey)</td> <td>6,143.28 sq.m.</td> </tr> <tr> <td>Factories 16 &amp; 17 (2-storey)</td> <td>12,286.60 sq.m.</td> </tr> <tr> <td>Factories A &amp; C (3-storey)</td> <td>33,344.00 sq.m.</td> </tr> <tr> <td>Factory D (2-storey)</td> <td>11,269.90 sq.m.</td> </tr> <tr> <td>Dormitories 1 to 4 (6-storey)</td> <td>19,280.00 sq.m.</td> </tr> <tr> <td>Factory 18 (5-storey)</td> <td>15,063.82 sq.m.</td> </tr> <tr> <td>Factory 9 &amp; 10 (5-storey)</td> <td>20,481.38 sq.m.</td> </tr> <tr> <td>Factory 20 (5-storey)</td> <td>7,030.83 sq.m.</td> </tr> <tr> <td>Dormitories 21 (7-storey)</td> <td>3,508.76 sq.m.</td> </tr> <tr> <td>Vacant Site (To be developed)</td> <td>29,045.96 sq.m.</td> </tr> <tr> <td><b>Total</b></td> <td><b>181,768.70 sq.m.</b></td> </tr> </table>	Factories 1, 2, 3, 6 & 19 (1 to 2-storey)	24,314.17 sq.m.	Factory 15 (2-storey)	6,143.28 sq.m.	Factories 16 & 17 (2-storey)	12,286.60 sq.m.	Factories A & C (3-storey)	33,344.00 sq.m.	Factory D (2-storey)	11,269.90 sq.m.	Dormitories 1 to 4 (6-storey)	19,280.00 sq.m.	Factory 18 (5-storey)	15,063.82 sq.m.	Factory 9 & 10 (5-storey)	20,481.38 sq.m.	Factory 20 (5-storey)	7,030.83 sq.m.	Dormitories 21 (7-storey)	3,508.76 sq.m.	Vacant Site (To be developed)	29,045.96 sq.m.	<b>Total</b>	<b>181,768.70 sq.m.</b>	<p>As advised by the Group, part of the property with gross floor area of 378.04 square metres or thereabouts is owner-occupied for office use; part of the property with gross floor area of 151,467.90 square metres or thereabouts is let to various tenants at an aggregate monthly rent of approximately RMB1,846,912.00 with last expiry date on 31st October 2029; and the remainder of the property is vacant for letting or future development(s).</p>	<p>RMB42,100,000 (RENMINBI FORTY TWO MILLION ONE HUNDRED THOUSAND ONLY)</p> <p>(100% interest attributable to the Company:</p> <p>RMB42,100,000 (RENMINBI FORTY TWO MILLION ONE HUNDRED THOUSAND ONLY))</p>
Factories 1, 2, 3, 6 & 19 (1 to 2-storey)	24,314.17 sq.m.																											
Factory 15 (2-storey)	6,143.28 sq.m.																											
Factories 16 & 17 (2-storey)	12,286.60 sq.m.																											
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Dormitories 21 (7-storey)	3,508.76 sq.m.																											
Vacant Site (To be developed)	29,045.96 sq.m.																											
<b>Total</b>	<b>181,768.70 sq.m.</b>																											

The property is held under granted land-use rights to be expired on 1st August 2055 and 14th December 2054 for industrial and storage use.

*Notes*

1. Pursuant to “Certificate of State-owned Land-use” (Document No.: Hu Tu Guo Yong (2005) No. 21-16063) dated in 2005, the land-use rights of the property with a site area of 122,659.56 square metres have been granted to “永義製衣(湖州)有限公司” to be expired on 1st August 2055 for industrial and storage use.
2. Pursuant to “Certificate of State-owned Land-use” (Document No.: Hu Tu Guo Yong (2006) No. 21-21339) dated in 2017, the land-use rights of the property with a site area of 45,080.00 square metres have been granted to “永義製衣(湖州)有限公司” to be expired on 14th December 2054 for industrial and storage use.
3. Pursuant to 9 sets of “Certification of completion acceptance”, the construction works of portion of the property have been approved for completion with detail below:

<b>Certificate No.</b>	<b>Property</b>	<b>Date</b>
31300020141127101	Factories 1,2,3,6 & 19	27th November 2014
31300020090229101	Factories A & C and Dormitories 1 to 4	27th February 2009
31300020141127102	Factory D	27th November 2014
31300020170720101	Factory 15	20th July 2017
31300220180131101	Factory 16 & 17	31st January 2018
31300020190314101	Factory 18	14th March 2019
31300020200722102	Factory 9 & 10	22nd July 2020
31300020200722101	Factory 20	22nd July 2020
31300020200722101	Dormitory 21	22nd July 2020

4. Our valuation is made on the basis that the property is not subject to mortgage or any other material encumbrances.
5. The PRC Legal Adviser has provided certain advice in her legal opinion, including but not limited to, that:
  - (1) the land-use rights of the property are legally vested in “永義製衣(湖州)有限公司”;
  - (2) “永義製衣(湖州)有限公司” has the rights to occupy, use, gain revenue from or by other legal means dispose of the property during the unexpired land-use right term(s)
  - (3) the property is not subject to sealed order, mortgage, objection or any other registration.
  - (4) “永義製衣(湖州)有限公司” shall have no substantial violations of the law in obtaining relevant Registration of the real estate ownership of the property.



6. Having regard to Note 5.(4) above that the registration of the real estate ownership of the property is/are yet to be obtained as of the Date of Valuation, we have ascribed no commercial value to the real estate ownership of building portion of the property accordingly. Our valuation(s) shown above refers to the granted land-use rights of the property as at the Date of Valuation only.
7. For reference purpose, had a valid Registration of the real estate ownership of the property been obtained, we are of the opinion that the capital value of the building ownership of such portion of the property assessed on a market value basis by “depreciated replacement cost” (“**DRC**”) is in the sum of RMB262,500,000 (Renminbi TWO HUNDRED SIXTY TWO MILLION FIVE HUNDRED THOUSAND) (100% interest attribute to the Company: RMB262,500,000 (Renminbi TWO HUNDRED SIXTY TWO MILLION FIVE HUNDRED THOUSAND)) on the assumption that such property interest(s) could freely be disposed of in the prevailing market without paying additional land-use rights grant premium, if demanded.
8. Pursuant to the information provided by the Group, 永義製衣(湖州)有限公司 is a wholly-owned subsidiary of the Company.

**B: VALUATION REPORT FROM ETC FOR PROPERTIES LOCATED IN SINGAPORE**

Our Ref: NC:JH:ao:21020138

**Eminence Enterprise Limited**

26 March 2021

Block A, 7th Floor,  
Hong Kong Spinners Building, Phase 6,  
481-483 Castle Peak Road,  
Cheung Sha Wan, Kowloon,  
Hong Kong

Dear Sirs,

**RE: VALUATION OF 15 ARDMORE PARK #04-03, #06-04 & #18-02, ARDMORE PARK, SINGAPORE 259959**

We refer to your recent instruction to undertake a valuation of the above-mentioned “(the subject properties)”. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the subject properties as at 31 January 2021.

We have adopted the International Valuation Standards definition of Market Value as follows:

“Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Our valuation has been made on the assumption that the owner sells the property on the market without the benefit of a deferred term contract, joint venture, sale and leaseback or any similar arrangement which could serve to affect the value of the property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property, nor for any expenses or taxation which may be incurred in effecting a sale. The subject properties have been valued in their existing continued use, subject to vacant possession. We have assumed that the property is free of encumbrances, restrictions or other outgoings of an onerous nature which would affect value, other than those which have been indicated to us.

Information as to title particulars, registered proprietor/owner, strata floor area and tenure has been obtained from searches carried out at the Singapore Land Registry (SLA).

Internal inspection was conducted by Jean Huang, a licensed appraiser with more than 10 years of experience on 16 February 2021. Nicholas Cheng is a licensed appraiser with more than 35 years of experience.

The subject properties appear to be in a good state of repair and maintenance and we have not sighted any structural report on the properties nor have we inspected unexposed or inaccessible portions of the premises. We therefore cannot comment on the structural integrity, defect, rot or infestation of the improvements nor can we comment on any knowledge of the use in construction of material such as asbestos or other materials now considered hazardous. Our valuation assumes that there are no inherent defects with the structure or service installations and reflects the age and apparent condition of the subject property.

Our opinion of the market value of the subject property in their existing continued use, is arrived at by Direct Comparison Approach. This Approach involves the analysis of recent transactions of comparable properties within the vicinity and elsewhere. Necessary adjustments have been made for differences in location, tenure, size, age and condition of buildings, dates of transactions, availability of facilities and the prevailing market conditions amongst other factors affecting their value.

We have considered the above factors in valuing the subject property and we are of the opinion that it has achieved its highest and best use.

A summary of our valuation together with a brief description of the properties are appended to this Valuation Certificate.

For the purpose of Rule 11.3 of the Hong Kong Code on Takeovers and Mergers, the owner is required to settle all outstanding property tax, if any, before the completion of sale. The property is taxed at a percentage of the property's Annual Value. The annual value, as determined by the Inland Revenue Authority of Singapore, is defined as the estimated gross annual rent of the property if it were to be rented out excluding furniture, furnishings and maintenance fees. It is determined based on an estimate of the market rental(s) obtained for similar properties and not on the actual rental received. Singapore's property tax rate is progressive as shown in the below table.

<b>Annual Value</b>	<b>Residential Property Tax Rate for Non-Owner-Occupier</b>
First S\$30,000	10%
Next S\$15,000	12%
First S\$45,000	–
Next S\$15,000	14%
First S\$60,000	–
Next S\$15,000	16%
First S\$75,000	–
Next S\$15,000	18%
First S\$90,000	–
Above S\$90,000	20%

In addition, 7% Goods & Service Tax (GST) will be charged if the servicing property agent handling the sale is from a GST registered agency. These tax liabilities will be crystallised in the event when the owner sells the properties. For the property interests held by the Group for investment, we understand from the Group that it has no intention to dispose. Hence, the likelihood of any potential tax liabilities of these property interests being crystallized is remote.

We have no present or prospective interests in the Property and are not a related corporation of nor do we have a relationship with Eminence Enterprise Limited or other party/parties whom Eminence Enterprise Limited is contracting with. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. We hereby certify that we are authorised to practise as valuers and have the necessary experience in valuing similar types of properties in the respective localities.

Our valuation is also subject to the Limiting Conditions attached.

Neither the whole of this Certificate, nor any part, nor reference thereto may be published in any document, statement or circular, nor in any communication with third parties, without our prior written approval of the form and context in which it will appear.

Finally and in accordance with our normal practice, we confirm that this Valuation Certificate is for the use only of the party to whom it is addressed and no responsibility whatsoever is accepted to any third party.

Yours faithfully,  
For and on behalf of  
**EDMUND TIE & COMPANY (SEA) PTE LTD**

**Nicholas Cheng**  
*Executive Director*  
*Valuation Advisory*  
*BSc (Est Mgt) MSISV*  
(Appraiser's Licence No: AD041-2004055B)

*Note:* Mr. Nicholas Cheng is a member of the Singapore Institute of Surveyors and Valuers with over 20 years' valuation experience on properties in various regions including Singapore, Indonesia, the Philippines, Dubai and Papua New Guinea. Mr. Cheng has over 5 years of experience with Edmund Tie & Company (SEA) Pte Ltd.

## VALUATION SUMMARY

**Property Address:** 15 Ardmore Park #04-03, #06-04 & #18-02 Ardmore Park Singapore 259959

	<b>Unit No</b>	<b>Legal Description (Town Subdivison 25)</b>	<b>Strata Floor Area (sq m)</b>	<b>Share in Common Property</b>
	#04-03	U3594X	268.0	5/1,680
	#06-04	U3568V	268.0	5/1,680
	#18-02	U3635X	268.0	5/1,680

**Estimated Year of  
Completion:** 2001

**Condition:** Good

**Orientation:** The living area faces south-east (for #04-03 & #06-04) and north-west (for #18-02)

**Tenure:** Estate in Fee Simple (Freehold).

**Registered Proprietor/  
Registered Owner:** Grow Well Profits Limited, a wholly-owned subsidiary of EE

**Encumbrance:** Mortgaged to The Hongkong and Shanghai Banking Corporation Limited

**Master Plan Zoning  
(2019 Edition):** Residential with gross plot ratio of 2.8.  
These are areas used or intended to be used for residential developments.

**Tenancy Details:**

The subject properties are tenanted as at date of inspection. We were informed that the subject properties are held for investment and the tenancy details are as follows:

Unit No.	Expiry Date	Tenancy Period	Monthly Gross Rental
#04-03	07/02/2023	2 years	S\$13,800/-
#06-04	24/11/2021	2 years	S\$13,500/-
#18-02	10/01/2022	2 years	S\$13,000/-

**Brief Description:**

Ardmore Park is a condominium development located along Ardmore Park, off Scotts Road. The subject development sits on land Lot 909L Town Subdivision 25. It is approximately 6 km from the city centre at Raffles Place. The immediate locality is an exclusive and prestigious residential area comprising mainly condominium/apartment developments such as Juniper at Ardmore, The Claymore, Ardmore II and JC Draycott amongst many others. It is also in close proximity to both Orchard Road and Scotts Road, the prime shopping belt in Singapore where shopping centres such as Orchard Towers, Palais Renaissance, Shaw Centre, Ion Orchard and Far East Plaza are located. In addition, it is within walking distance to established clubs like The Tanglin Club and The American Club.

The subject development comprises a total of 324 units of apartment with a standard size of about 268 sq.m. and 6 penthouses with a standard size of about 812 sq.m. housed in three 30-storey blocks. Access to the upper storeys within each block is facilitated by lifts and staircases.

Facilities provided include landscape gardens, swimming pool, children's pool, jacuzzi, 2 tennis courts, putting green, children's playground, pavilion, function/multi-purpose rooms, gymnasium, changing rooms, water garden, koi pond, jogging track and fitness area and ample basement carpark. In addition, CCTV security system is installed at strategic locations within the development and an advanced electronic access system is also provided. Each apartment is provided with home security and audio-video intercom systems.

**Market Value:**

#04-03	S\$8,550,000/-
#06-04	S\$8,600,000/-
#18-02	S\$9,000,000/-

**Total** **S\$26,150,000/-**

**(Singapore Dollars Twenty-Six Million  
One Hundred And Fifty Thousand)**

\* *Free from all encumbrances. The outbreak of the Novel Coronavirus (COVID-19) was declared as a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Like the financial market, the real estate market is being impacted by the uncertainty that the COVID-19 outbreak has caused. This valuation is current at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of general market movements or factors specific to the particular property). We recommend that you keep the valuation of this subject property under frequent review.*

Yours faithfully,

For and on behalf of

**EDMUND TIE & COMPANY (SEA) PTE LTD**

**Nicholas Cheng**

*Executive Director*

*Valuation Advisory*

*BSc (Est Mgt) MSISV*

(Appraiser's Licence No: AD041-2004055B)

**Jean Huang**

*Senior Manager (Special Projects)*

*Valuation Advisory*

*BSc (Land Mgt) Hons MSISV*

(Appraiser's Licence No: AD041-2009748D)



**LIMITING CONDITIONS**

This property Valuation and Report has been prepared subject to the following limiting conditions:-

**VALUATION BASIS**

Our valuation is made on the basis of Market Value. This is intended to mean the highest value at which the sale interest in the property might reasonably be expected to have been completed on the date of valuation, assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms for the completion of the sale;
- c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

No allowances are made for any expenses or realisation or for taxation which might arise in the event of a disposal. Our valuation assumes that as at the date of valuation, the property is free and clear of all mortgages, encumbrances and other outstanding premiums, charges and liabilities.

Values are reported in Singapore Currency.

**SOURCE OF INFORMATION**

Where it is stated in the report that information has been supplied to the valuer by the sources listed, this information is believed to be reliable, but the valuer will accept no responsibility if this should prove not to be so. All other information stated without being attributed directly to another party is obtained from our searches of records, examination of documents or enquiries with relevant government authorities.

**TENANTS**

Enquiries as to the financial standing of actual or prospective tenants are not normally made unless specifically requested. Where properties are valued with the benefit of lettings, it is therefore assumed that the tenants are capable of meeting their obligations under the lease and that there are no arrears of rent or undisclosed breaches of covenant.

**TOWN PLANNING AND  
OTHER STATUTORY  
REGULATIONS**

Information on Town Planning is obtained from the set of Master Plan, Development Guide Plan (DGP) and Written Statement published by the competent authority. Unless otherwise instructed, we do not normally carry out requisitions with the various public authorities to confirm that the property is not adversely affected by any public schemes such as road improvements. If assurance is required, we recommend that verification be obtained from your lawyers.

Our valuations are prepared on the basis that the premises and any improvements thereon comply with all relevant statutory regulations. It is assumed that they have been, or will be issued with a Certificate of Statutory Completion by the competent authority.

**STRUCTURAL  
SURVEYS**

Unless expressly instructed, we do not carry out a structural survey, nor do we test the services. Whilst any defects or items of disrepair which we note during the course of our inspection will be reflected in our valuations, we are not able to give any assurance in respect of rot, termite, or past infestation or other hidden defects.

**SITE CONDITIONS**

We do not normally carry out investigations on site in order to determine the suitability of the ground conditions, and the services, for any new development. Unless we are otherwise informed, our valuations are on the basis that these aspects are satisfactory and that where development is proposed, no extraordinary expenses or delays will be incurred during the construction period.

**MAXIMUM LIABILITY**

Our maximum liability to the client relating to our services rendered (regardless of action whether in contract, negligence or otherwise) shall be limited to fees paid for engaging our services. Under no circumstances will be liable for consequential, incidental, punitive or special losses, damage or expenses (including opportunity costs and loss of profits) despite being advised of possible existence.

**ATTENDANCE IN  
COURT**

The valuer is not required to give testimony or to appear in court by reason of this report unless specific arrangement has been made therefor.

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### A. GENERAL INFORMATION OF THE OFFEROR

#### 1. Responsibility statements

The issue of this Composite Document has been approved by the directors of the Offeror and Easyknit Directors, who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the EE Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the EE Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

#### 2. Disclosures of interests in EE's securities

As at the Latest Practicable Date, save as disclosed in the section headed "Shareholdings in EE" in the "Letter from Altus Investments" in this Composite Document:

- the Offeror did not own any EE Shares or convertible securities, warrants, options or derivatives in respect of EE Shares;
- no director of the Offeror was interested (for the purpose of Part XV of the SFO) in any EE Shares or convertible securities, warrants, options or derivatives in respect of EE Shares; and
- no parties acting in concert with the Offeror owned or controlled any EE Shares or convertible securities, warrants, options or derivatives in respect of EE Shares.

#### 3. Dealings in EE's securities

Save for the on-market purchase made by the Offeror (details of which are set out below), none of the Offeror and parties acting in concert with it has dealt in any EE Shares, options, derivatives, warrants or other relevant securities convertible (as defined in Note 4 to Rule 22 of the Takeovers Code) into EE Shares during the Relevant Period.

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

Set out below are the purchases of EE Shares (all of which were on-market) made by the Offeror and parties acting in concert with it during the Relevant Period.

<b>Date of transaction made</b>	<b>Relevant party</b>	<b>Price per EE Share paid</b> <i>HK\$</i>	<b>Total number of EE Shares purchased</b>	<b>Approximate percentage of the total EE Shares in issue</b> <i>%</i>	<b>Total consideration paid</b> <i>HK\$</i>
4 September 2020	the Offeror	0.25	19,800,000	2.13	4,950,000

#### 4. Arrangements in connection with the Share Offer

As at the Latest Practicable Date,

- (i) none of the EE Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Share Offer;
- (ii) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any parties acting in concert with it and any of the EE Directors or recent EE Directors, EE Shareholders or recent EE Shareholders having any connection with or was dependent upon the Share Offer or otherwise connected to the Share Offer;
- (iii) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code had been entered into between the Offeror or any parties acting in concert with it and any other person;
- (iv) no person who owned or controlled EE Shares or convertible securities, warrants, options or derivatives in respect of EE Shares had irrevocably committed themselves to accept or reject the Share Offer;
- (v) there were no EE Shares or convertible securities, warrants, options or derivatives in respect of EE Shares which the Offeror or any parties acting in concert with it had borrowed or lent;
- (vi) there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a condition to the Share Offer;
- (vii) save for the EE Share pledge arrangement as mentioned in the paragraph headed “Confirmation of financial resources” in “Letter from Altus Investments” in this Composite Document, the Offeror had no intention to transfer, charge or pledge any EE Shares acquired pursuant to the Share Offer to any other persons and had no agreement, arrangement or understanding with any third party to do so;

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

- (viii) save for the consideration in respect of acceptance of the Share Offer (i.e. HK\$0.50 per EE Share), there is no other consideration, compensation or benefits in whatever form paid or to be paid by the Offeror or any parties acting in concert with it to the EE Shareholders in respect of the Share Offer; and
- (ix) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) in respect of the Share Offer between (1) any EE Shareholder; and (2)(a) the Offeror and any party acting in concert with it; or (b) EE, its subsidiaries or associated companies.

### 5. Ultimate controlling shareholder of the Offeror

As at the Latest Practicable Date, so far as was known to the Easyknit Directors or chief executive of Easyknit, the persons (other than the Easyknit Directors or the chief executive of Easyknit) who had an interest or short position in the shares or underlying shares of Easyknit which would fall to be disclosed to Easyknit under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Easyknit Group or had any options in respect of such capital are set out below:

#### *Long positions in the shares of Easyknit and underlying shares of Easyknit*

Name of shareholder	Capacity	Number of shares of Easyknit held (long position)	Approximate percentage of the issued share capital of Easyknit
Mr. Koon Wing Yee <sup>1, 3</sup>	Interest of spouse	17,429,664	21.20%
Sea Rejoice Limited <sup>1</sup>	Beneficial owner	17,429,664	21.20%
Magical Profits Limited <sup>2</sup>	Beneficial owner	29,179,480	35.49%
Accumulate More Profits Limited <sup>2</sup>	Interest of controlled corporation	29,179,480	35.49%
The Winterbotham Trust Company Limited (“Winterbotham Trust”) <sup>2</sup>	Trustee	29,179,480	35.49%
Winterbotham Holdings Limited (“Winterbotham Holdings”) <sup>2</sup>	Interest of controlled corporation	29,179,480	35.49%

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

Name of shareholder	Capacity	Number of shares of Easyknit held (long position)	Approximate percentage of the issued share capital of Easyknit
Mr. Christopher Geoffrey Douglas Hooper <sup>2</sup>	Interest of controlled corporation	29,179,480	35.49%

*Notes:*

1. 17,429,664 shares of Easyknit are held by Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, an executive Director of both Easyknit and EE.
2. 29,179,480 shares of Easyknit are held by Magical Profits Limited which is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as the trustee of the Magical 2000 Trust (the beneficiaries of which include Ms. Koon Ho Yan Candy, an Easyknit executive Director). The Winterbotham Trust is owned as to 75% by Winterbotham Holdings. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper.
3. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 17,429,664 shares of Easyknit by virtue of the SFO.

### 6. Miscellaneous

The Offeror is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Easyknit. The registered office of the Offeror is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

The principal members of the group of parties acting in concert with the Offeror are Easyknit, Goodco and Landmark Profits and their corresponding address are at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.

The Offeror's directors are Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky.

The Easyknit Directors comprise Ms. Koon Ho Yan Candy, Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky as executive directors; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Lau Chak Hang Charles as independent non-executive directors.

The directors of Goodco comprise Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky.

The directors of Landmark Profits comprise Ms. Lui Yuk Chu and Mr. Tse Wing Chiu Ricky.

The registered offices of Altus Investments, which is making the Share Offer on behalf of the Offeror, and Altus Capital, which is the financial adviser to Easyknit, are at 21 Wing Wo Street, Central, Hong Kong.

The payment of the Share Offer is not dependent to any significant extent on the business of EE.

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### B. GENERAL INFORMATION OF THE EE GROUP

#### 1. Responsibility statement

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the EE Group.

The issue of this Composite Document information has been approved by the EE Directors who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document relating to the EE Group and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statement in this Composite Document misleading.

#### 2. Share capital of EE

As at the Latest Practicable Date,

- (a) the authorised share capital of EE was HK\$400,000,000 divided into 2,000,000,000 EE Shares;
- (b) the issued share capital of EE was HK\$186,291,602 divided into 931,458,010 EE Shares;
- (c) a total of 931,458,010 EE Shares had been issued since 31 March 2020, being the end of the last financial year of EE;
- (d) all of the EE Shares ranked pari passu in all respects as regards rights to capital, dividends and voting; and
- (e) save for the Goodco Convertible Notes, EE had no outstanding securities, options, derivatives, warrants and other convertible securities or rights affecting the EE Shares.

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

### 3. Market prices

The table below sets out the closing price of the EE Shares on the Stock Exchange on (i) the last Business Day of each of the calendar months during the Relevant Period; (ii) the Last Trading Date; and (iii) the Latest Practicable Date:

<b>Date</b>	<b>Closing price for each EE Share (HK\$)</b>
<b>2020</b>	
31 August	0.230
30 September	0.244
30 October	0.305
30 November	0.350
31 December	0.390
<b>2021</b>	
29 January	0.420
3 February (Last Trading Date)	0.405
26 February	0.485
23 March (Latest Practicable Date)	0.470

During the Relevant Period, the highest closing price of EE Shares as quoted on the Stock Exchange was HK\$0.49 per EE Share on 16 February 2021 and 25 February 2021 and the lowest closing price of EE Shares as quoted on the Stock Exchange was HK\$0.23 per EE Share on 31 August 2020.

### 4. Disclosures of interests

#### *(i) Interests of EE Directors and chief executive of EE*

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



## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

### (ii) *Interests of substantial shareholders of EE*

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

Name of EE Shareholder	Notes	Capacity	Number of EE Shares	Number of underlying EE Shares	Total	Approximate percentage of the total issued EE Shares
The Offeror	(i)	Beneficial owner	90,855,000	–	90,855,000	9.75%
Goodco	(i) and (ii)	Beneficial owner	161,445,295	389,120,000	550,565,295	59.10%
Easyknit Properties Holdings Limited	(i) and (ii)	Interest of controlled corporation	161,445,295	389,120,000	550,565,295	59.10%
Easyknit	(i) and (ii)	Interest of controlled corporation	275,687,665	389,120,000	664,807,665	71.37%
Hu Rong		Beneficial owner	47,030,000	–	47,030,000	5.05%

*Notes:*

- (i) Of the 275,687,665 EE Shares held by the Offeror and parties acting in concert with it, 90,855,000 EE Shares, 23,387,370 EE Shares and 161,445,295 EE Shares are registered in the name of and beneficially owned by the Offeror, Landmark Profits and Goodco respectively, all of which are wholly-owned subsidiaries of Easyknit.
- (ii) Goodco also has an interest in, for the SFO purposes, 389,120,000 underlying EE Shares which comprise of (i) 64,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 11 May 2017; (ii) 45,120,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 26 September 2017; and (iii) 280,000,000 shares (subject to adjustment) to be issued upon full conversion of the Goodco Convertible Note issued by EE on 28 August 2019.

Ms. Lui Yuk Chu, an executive EE Director and an executive Easyknit Director, is also a director of the Offeror, Landmark Profits, Goodco and Easyknit Properties Holdings Limited. Apart from Ms. Lui Yuk Chu, as at the Latest Practicable Date, no EE Director is also a director or an employee of the substantial shareholders of EE.

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

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### 5. Dealings and shareholder of the shares of the Offeror and EE Shares

During the Relevant Period,

- (a) neither EE nor any EE Director had dealt for value in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of the shares of the Offeror; and
- (b) none of the EE Directors had dealt for value in any EE Shares or any convertible securities, warrants, options or derivatives in respect of EE Shares.

During the Offer Period and up to the Latest Practicable Date,

- (a) no subsidiary of EE, or any pension fund of EE or of any other member of the EE Group or any person who was presumed to be acting in concert with EE by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who was an associate of EE by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) owned or controlled any EE Shares or any convertible securities, warrants, options or derivatives in respect of EE Shares, or had dealt for value in any EE Shares or any convertible securities, warrants, options or derivatives in respect of EE Shares;
- (b) none of the non-exempt discretionary fund managers and principal traders connected with EE managed on a discretionary basis any EE Shares or any convertible securities, warrants, options or derivatives in respect of the EE Shares, or had dealt for value in any EE Shares or any convertible securities, warrants, options or derivatives in respect of EE Shares; and
- (c) neither EE nor any of the EE Directors had borrowed or lent any EE Shares or any convertible securities, warrants, options or derivatives in respect of EE Shares.

As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with EE, or with any person who is presumed to be acting in concert with EE by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of EE by virtue of classes (2), (3) and (4) of the definition of associate under the Takeovers Code.

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

### 6. EE Directors' service contracts

Save as disclosed below, as at the Latest Practicable Date, none of the EE Directors had entered into any service contract with the EE Group or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into, or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period:

<b>Name of EE Director</b>	<b>Term of contract</b>	<b>EE Director's fee</b>
Mr. Kwong Jimmy Cheung Tim	Continuous term from 1 April 2019	HK\$2,040,000 per annum from 1 April 2019 to 30 September 2020; and HK\$600,000 per annum since 1 October 2020
Mr. Lai Law Kau	Continuous term from 20 August 2020 ( <i>Note</i> )	HK\$480,000 per annum
Mr. Kan Ka Hon	Fixed term from 1 April 2019 to 31 March 2022	HK\$140,000 per annum from 1 April 2019 to 31 March 2020; and HK\$150,000 per annum from 1 April 2020 to 31 March 2022
Mr. Lau Sin Ming	Fixed term from 1 April 2019 to 31 March 2022	HK\$140,000 per annum from 1 April 2019 to 31 March 2020; and HK\$150,000 per annum from 1 April 2020 to 31 March 2022
Mr. Wu Koon Yin Welly	Fixed term from 1 April 2019 to 31 March 2022	HK\$140,000 per annum from 1 April 2019 to 31 March 2020; and HK\$150,000 per annum from 1 April 2020 to 31 March 2022

*Note:* Mr. Lai Law Kau was appointed as EE Director on 20 August 2020.

There is no variable payment with respect to the EE Director's fee of Mr. Kwong Jimmy Cheung Tim and Mr. Lai Law Kau in their respective continuous term EE Director's service contracts; and to the EE Director's fee of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, in their respective fixed term EE Director's service contracts.

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### 7. EE Directors' interest in competing business

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

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

### 8. Material litigation

As at the Latest Practicable Date, none of the members of the EE Group were engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the EE Directors to be pending or threatened by or against any member of the EE Group.

### 9. EE Directors' interest in contracts and assets

As at the Latest Practicable Date, none of the EE Directors were interested in any contract of arrangement entered into by EE or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the EE Group.

As at the Latest Practicable Date, none of the EE Directors had any direct or indirect interest in any assets which have been, since 31 March 2020, the date to which the latest published audited consolidated financial statements of the EE Group were made up, acquired or disposed of by, or leased to EE or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to EE or any of its subsidiaries.

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### 10. Material contracts

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the EE Group) had been entered into by the EE Group after the date that is two years before the date of the Joint Announcement and up to and including the Latest Practicable Date:

- (a) a third deed of amendment (the “**Third Deed**”) dated 26 March 2019 entered into between EE and Madian Star Limited (“**Madian**”) in relation to the alteration of the subscription price under a convertible note in the principal amount of HK\$86,000,000 held by Madian and convertible into EE Shares;
- (b) a fourth deed of amendment dated 8 April 2019 entered into between EE and Madian in relation to the termination and replacement of the Third Deed, alteration of the subscription price under a convertible note in the principal amount of HK\$86,000,000 held by Madian and convertible into EE Shares and imposition of restrictions on conversions that would lead to an offer being required under Rule 26 of the Takeovers Code and/or EE breaching the public float requirement under the Listing Rules;
- (c) the subscription agreement dated 17 June 2019 between EE, as issuer, and Goodco, as subscriber, relating to the issue by EE to Goodco a convertible note in the principal amount of HK\$70,000,000, conferring rights to convert at any time before 28 August 2024 the principal amount into the EE Shares at a conversion price which is currently HK\$0.25 per Share (after adjustment);
- (d) an underwriting agreement dated 4 November 2019 entered into between EE and Get Nice Securities Limited, as underwriter, in relation to, inter alia, a rights issue of EE at HK\$0.483 per rights EE Share at a underwriting commission of 1.5% payable by the Group on the basis of four rights EE Shares for every one consolidated Share; and
- (e) three deeds of amendment each dated 18 September 2020 entered into between EE and Goodco in relation to the proposed alterations of certain terms of the Goodco Convertible Notes.

## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

### C. GENERAL INFORMATION

#### 1. Qualification of experts

The following are the qualifications of each of the experts who have been named in this Composite Document or who have given their opinion or advice, which is contained in this Composite Document:

<b>Name</b>	<b>Qualification</b>
Altus Capital	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to Easyknit
Altus Investments	a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO, which is making the Share Offer on behalf of the Offeror
Edmund Tie & Company Holdings Pte. Ltd.	Independent Professional Valuer
Vigers Appraisal and Consulting Limited	Independent Professional Valuer
Red Sun	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO, the independent financial adviser to the EE Independent Board Committee

#### 2. Consents

Each of the experts named in the paragraph headed “Qualification of experts” above has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion therein of the opinions, reports and/or letters and/or the references to its name and/or opinions, reports and/or letters in the form and context in which they respectively appear.

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## APPENDIX IV GENERAL INFORMATION OF THE OFFEROR AND THE EE GROUP

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### 3. General

- (a) As at the Latest Practicable Date, none of the existing EE Directors had been or will be given any benefit as compensation for loss of office or otherwise in connection with the Share Offer.
- (b) As at the Latest Practicable Date, there was no agreement or arrangement between any EE Director and any other person which was conditional on or dependent upon the outcome of the Share Offer or otherwise connected with the Share Offer.
- (c) As at the Latest Practicable Date, there was no material contract entered into by the Offeror or EE in which any of the EE Directors has a material personal interest.
- (d) The registered office of EE is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of EE in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (e) The principal share registrar of EE is MUFG Fund Services (Bermuda) Limited at 4th Floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (f) The Hong Kong branch share registrar and transfer office of EE is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (g) As at the Latest Practicable Date, the EE Board comprised (a) three executive EE Directors, namely Mr. Lai Law Kau, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim; and (b) three independent non-executive EE Directors, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly.
- (h) The company secretary of EE is Mr. Lee Po Wing, who has been a practising solicitor since 1994.
- (i) The English text of this Composite Document shall prevail over the Chinese text in the event of any inconsistency.
- (j) EE has no shareholding interest in the Offeror.
- (k) 17,429,664 shares of Easyknit are held by Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, an executive EE Director and an executive Easyknit Director. Ms. Lui Yuk Chu has not dealt in the shares of Easyknit during the Relevant Period.
- (l) Saved as disclosed in item (k) above, the EE Directors are not interested in shares of Easyknit and the Offeror.
- (m) The EE Directors and EE have not borrowed or lent any EE Shares.

**4. Documents available for inspection**

Copies of the following documents will be available for inspection (i) at the principal place business in Hong Kong of EE located at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong during the business hours (i.e. from 9:30 a.m. to 12:30 p.m. and from 2:30 p.m. to 5:30 p.m.) on any weekday (Saturdays and public holidays excepted) unless (a) a tropical cyclone warning signal number 8 or above is hoisted; or (b) a black rainstorm warning signal is issued, (ii) on the website of EE at <http://www.eminence-enterprise.com/en/> and (iii) the website of the SFC at [www.sfc.hk](http://www.sfc.hk) from 26 March 2021 until the earlier of: (1) the Closing Date; and (2) the date on which the Share Offer is withdrawn or lapses, whichever is the earliest:

- (a) the amended and restated memorandum of association and bye-laws of EE;
- (b) the annual report of EE for the year ended 31 March 2019;
- (c) the annual report of EE for the year ended 31 March 2020;
- (d) the interim report of EE for the six months ended 30 September 2020;
- (e) the “Letter from the EE Board”, the text of which is set out on pages 20 to 24 of this Composite Document;
- (f) the “Letter from the EE Independent Board Committee”, the text of which is set out on pages 25 and 26 of this Composite Document;
- (g) the “Letter from the EE Independent Financial Adviser”, the text of which is set out on pages 27 to 52 of this Composite Document;
- (h) the written consents referred to in the paragraph headed “Consents” in this Appendix IV to this Composite Document;
- (i) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix IV to this Composite Document;
- (j) the property valuation reports of the EE Group (including the valuation certificates) prepared by Vigers Appraisal and Consulting Limited and Edmund Tie & Company Holdings Pte. Ltd. set out in Appendix III “Property valuation of the EE Group” to this Composite Document;
- (k) the articles of association of the Offeror;
- (l) the “Letter from Altus Investments”, the text of which is set out on pages 6 to 19 of this Composite Document; and
- (m) the EE Director’s service contracts referred to in the paragraph headed “EE Directors’ service contracts” in this Appendix IV to this Composite Document.