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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

MAJOR TRANSACTION

DEED OF SETTLEMENT

**IN RELATION TO DEBT OWED TO SUBSIDIARY OF
EMINENCE ENTERPRISE LIMITED**

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular. A letter from the Eminence Board is set out on pages 4 to 9 of this circular.

Hong Kong, 25 March 2022

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

| | |
|-----------------------|---|
| “Ace Winner” | Ace Winner Investment Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of Easyknit and a substantial Eminence Shareholder |
| “Assignments of Debt” | three (3) assignments of debt to be entered into at Completion between City China (as assignor) and Shui Kam (as assignee) in relation to the assignment of the Assigned Debts |
| “Assigned Debts” | the outstanding debts owing by Borrower 1, Borrower 2 and Borrower 3 to be assigned by City China to Shui Kam at Completion, details of which are set out herein |
| “Borrower 1” | Lau Fung Ying, an individual |
| “Borrower 2” | Li Ka Lun Gary, an individual |
| “Borrower 3” | Li Siu Por, an individual |
| “City China” | City China International Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of Eminence, and a licensed money lender under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong) |
| “Completion” | completion of the Deed of Settlement |
| “Deed of Settlement” | a deed of settlement dated 4 March 2022 entered into between Shui Kam and City China in relation to the settlement of the outstanding loans under the Loan Agreements |
| “Easyknit” | Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1218) |
| “Eminence” | Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 616), and an approximately 74.76%-owned subsidiary of Easyknit |
| “Eminence Board” | the board of directors of Eminence |
| “Eminence Directors” | the directors of Eminence |

DEFINITIONS

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|--------------------------------|--|
| “Eminence Group” | Eminence and its subsidiaries |
| “Eminence Share(s)” | ordinary share(s) of par value of HK\$0.01 each in the share capital of Eminence |
| “Eminence Shareholder(s)” | holder(s) of the Eminence Share(s) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | person(s) (and in the case of company(ies) and corporation(s), their ultimate beneficial owner(s)) who, to the best knowledge and belief of the Eminence Directors, having made all reasonable enquiries, is/are third party(ies) independent of and not connected with Eminence, and their respective connected persons (as defined in the Listing Rules) |
| “Joint Announcement” | the joint announcement of Easyknit and Eminence dated 4 March 2022 regarding the Deed of Settlement |
| “Latest Practicable Date” | Wednesday, 23 March 2022, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular |
| “Lion Capital” | Lion Capital Investment (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Eminence |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Loan Agreements” | two (2) loan agreements dated 13 November 2017 and 16 October 2018 respectively (as varied or supplemented by supplemental agreements dated 8 November 2019 and 2 November 2020 respectively) between City China as lender and Shui Kam as borrower |
| “major transaction” | the meaning ascribed thereto in the Listing Rules |
| “Main Board” | the main board maintained and operated by the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Property” | the property situated at Lots Nos. 1278, 1279 and 1280 all in D.D. No. 124 Yuen Long, New Territories, Hong Kong with a site area of approximately 27,879 square feet |

DEFINITIONS

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|-----------------------|--|
| “Property Assignment” | a property assignment to be entered into at Completion between Shui Kam and Lion Capital (a nominee of City China) in relation to the transfer of the Property |
| “Shui Kam” | Shui Kam Enterprises Limited, a company incorporated in Hong Kong with limited liability |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary” | the meaning defined in the Listing Rules |
| “Vigers” | Vigers Appraisal and Consulting Limited, a property valuer and an Independent Third Party |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

LETTER FROM THE EMINENCE BOARD



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

Executive Directors:

Mr. Lai Law Kau (*Chairman and Chief Executive Officer*)

Ms. Lui Yuk Chu (*Deputy Chairman*)

Mr. Kwong Jimmy Cheung Tim

Independent Non-executive Directors:

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Wu Koon Yin Welly

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481–483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

25 March 2022

To the Eminence Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

DEED OF SETTLEMENT

IN RELATION TO DEBT OWED TO SUBSIDIARY OF EMINENCE ENTERPRISE LIMITED

INTRODUCTION

Reference is made to the Joint Announcement. The purpose of this circular is to provide you with, amongst other things, (i) further details of the Deed of Settlement; (ii) financial information of the Eminence Group; (iii) an independent property valuation report on the Property; and (iv) other information required under the Listing Rules.

LETTER FROM THE EMINENCE BOARD

BACKGROUND

Before entering into the two (2) loan agreements between City China and Shui Kam dated 13 November 2017 and 16 October 2018 respectively, the Company assessed the borrower based on its background, credentials, financial position, historical credit and settlement records, as well as the collateral and guarantees. Having also considered that the loans would be secured by an equitable mortgage over the Property and a personal guarantee, the Eminence Board considered that such due diligence work and credit risk assessment were sufficient, and that Shui Kam was credit worthy at the relevant time.

Pursuant to the Loan Agreements under which loans were made at the interest rate of 4% per annum maturing on 13 November 2021, Shui Kam was indebted to City China for HK\$9,120,000.00 (including principal and outstanding interest) as at the Latest Practicable Date. The loans are secured by an equitable mortgage over the Property and personal guarantee by Li Ming Hung. After the outbreak of COVID-19 and the unexpected deterioration in economic conditions, which is the key subsequent factor which had not been taken into consideration, and was not foreseeable, at the time of the grant of the loans by the Company, Shui Kam failed to repay its debts upon maturity on 13 November 2021 and is in default of its obligation under those Loan Agreements. The parties have now agreed a settlement under the Deed of Settlement.

THE DEED OF SETTLEMENT

As disclosed in the Joint Announcement, on 4 March 2022, City China and Shui Kam entered into the Deed of Settlement, pursuant to which amongst other things:

- (a) City China will release Shui Kam from its obligations under the Loan Agreements and,
- (b) in return, Shui Kam (as beneficial owner of the Property) shall transfer the Property (with a valuation of HK\$40,000,000 as at 28 February 2022) to Lion Capital (a subsidiary of Easyknit and Eminence), who is the nominee of City China, by the Property Assignment pursuant to which Shui Kam (as assignor) will transfer the Property to Lion Capital (as assignee); and
- (c) City China will assign to Shui Kam the Assigned Debts.

The Deed of Settlement is conditional upon:

- (i) the approval by the Eminence Shareholders in compliance with the Listing Rules; and
- (ii) City China being satisfied that Shui Kam has good marketable title to the Property.

In the event that the conditions have not been satisfied in whole or waived by City China before 31 May 2022 or any extension thereof as may be agreed by the parties, all liabilities of the parties to the Deed of Settlement shall cease and determine and neither party shall have any claim against the other thereunder. Condition (i) has been satisfied.

Completion is expected to take place before 31 May 2022.

LETTER FROM THE EMINENCE BOARD

THE PROPERTY

The Property is situated along an access road which branches off Tin Ha Road in Yuen Long, New Territories, Hong Kong with a site area of approximately 27,879 square feet.

Based on the Property valuation report as set out in Appendix II to this circular, the Property is currently vacant. To the best knowledge and information of the Company having made all reasonable enquiries, the Company understands that the Property is not subject to any formal tenancy agreements. Thus, the Eminence Board considers that the Property is not a revenue-generating asset with an identifiable income stream under Rule 14.67(6)(b)(i) of the Listing Rules.

Based on the valuation by Vigers, a property valuer and an Independent Third Party, the value of the Property as at 28 February 2022 was HK\$40,000,000. The text of the letter, a summary of valuation and the Property valuation report are set out in Appendix II to this circular.

The Eminence Board has reviewed and assessed the qualifications, experience and track record of Vigers. Based on information provided by Vigers, Mr. David W. I. Cheung, the executive director of Vigers and the signatory of the Property valuation report, who is also responsible for the Property valuation report, is a Registered Professional Surveyor in General Practice Division with over 38 years' valuation experience on property in various regions including Hong Kong, Macau, 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. Based on this information, the Eminence Directors are of the view that Vigers is qualified and competent in performing the property valuation work of the Property. Vigers has confirmed their independence from the Group.

As the key assumptions adopted by Vigers in the valuation of the Property are common for transactions of similar nature, the Eminence Directors consider the key assumptions adopted by Vigers to be fair and reasonable.

As disclosed in the Property valuation report, Vigers has valued the Property based on the market direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable properties with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of values. As information about the relevant land sale transactions is available in the open market, the Eminence Board has assessed these comparable properties of relevant land sale transactions, use and similar location, and therefore the Eminence Directors are of the view that the comparable land sale transactions adopted by the Vigers is comparable to the Property and the direct comparison method adopted by Vigers is fair and reasonable.

LETTER FROM THE EMINENCE BOARD

ASSIGNED DEBTS

The Assigned Debts are outstanding under the following arrangements with City China:

- (i) Borrower 1 entered into two (2) loan agreements dated 3 February 2016 (as varied or supplemented by the supplemental agreements dated 2 February 2018, 12 February 2019, 3 February 2020 and 26 March 2021 respectively) at the interest rate of 4% per annum and matured on 3 February 2022, and 14 March 2017 (as varied or supplemented by the supplemental agreements dated 14 December 2017, 14 December 2018, 13 December 2019 and 7 December 2020 respectively) at the interest rate of 8% per annum and matured on 14 December 2021, respectively. Borrower 1 is in default upon maturity and is indebted for HK\$12,117,997.00 (including principal and outstanding interest) as at the Latest Practicable Date;
- (ii) Borrower 2 entered into two (2) loan agreements dated 6 December 2017 (as varied or supplemented by the supplemental agreements dated 6 March 2018, 6 March 2019, 4 March 2020 and 26 March 2021 respectively), and 27 May 2019 (as varied or supplemented by the supplemental agreements dated 30 August 2019, 25 February 2020 and 26 March 2021 respectively) both at the interest rate of 8% per annum and matured on 27 February 2022, respectively. Borrower 2 is in default upon maturity and is indebted for HK\$8,627,001.00 (including principal and outstanding interest) as at the Latest Practicable Date; and
- (iii) Borrower 3 entered into a loan agreement dated 13 August 2018 (as varied or supplemented by a supplemental agreement dated 22 August 2020) at the interest rate of 4% per annum and to be matured on 22 August 2022. Borrower 3 is indebted for HK\$9,969,294.14 (including principal and outstanding interest) as at the Latest Practicable Date.

As at the Latest Practicable Date, the total outstanding principal and interest under the Assigned Debts amount to HK\$30,714,292.14.

REASONS FOR AND BENEFITS OF THE DEED OF SETTLEMENT

The Eminence Board considers that by entering into the Deed of Settlement, the Eminence Group will cease to be exposed to the credit risk under the Loan Agreements and the Assigned Debts, and diversify its property portfolio. Having considered the terms and conditions of the Deed of Settlement, the Eminence Directors are of the view that the Deed of Settlement is on normal commercial terms and is fair and reasonable and in the interests of Eminence and the Eminence Shareholders as a whole.

INFORMATION ON CITY CHINA, LION CAPITAL AND THE EMINENCE GROUP

City China, an indirect wholly-owned subsidiary of Eminence, is a company incorporated in Hong Kong with limited liability and a money lender holding a money lenders licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The principal activity of City China is money-lending and the granting of loans is in the ordinary and usual course of business of the Eminence Group.

Lion Capital, an indirect wholly-owned subsidiary of Eminence, is a company incorporated in Hong Kong with limited liability. The principal activity of Lion Capital is investment holding.

LETTER FROM THE EMINENCE BOARD

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

INFORMATION ON SHUI KAM, BORROWER 1, BORROWER 2 AND BORROWER 3

Borrower 1, Borrower 2 and Borrower 3 are individuals.

The Eminence Directors understand that Shui Kam is a company incorporated in Hong Kong with limited liability, is principally engaged in investment holding. Eminence understands that the ultimate beneficial owners of Shui Kam are individuals, Li Leung Wai Sandy and Borrower 1.

To the best knowledge, information and belief of the Eminence Directors, having made all reasonable enquiries, the Company is aware that one of the ultimate beneficial owners of Shui Kam (Li Leung Wai Sandy), Borrower 2, Borrower 3 and Li Ming Hung are family members. Borrower 1 is the director and shareholder of Shui Kam. Each of Borrower 1, Borrower 2, Borrower 3, Shui Kam and its ultimate beneficial owners, and Li Ming Hung are Independent Third Parties.

FINANCIAL EFFECTS OF THE DEED OF SETTLEMENT

As at 31 January 2022, the unaudited total assets of the Eminence Group amounted to approximately HK\$4,809,557,000. Upon Completion, the Property will be recognised as a non-current asset of Eminence with book value of HK\$40,000,000 (being the valuation amount of the Property) and the total loans receivables of HK\$39,834,292.14 from each of Shui Kam, Borrower 1, Borrower 2 and Borrower 3 will no longer appear in the financial statements of the Company. Therefore, it is expected that the Deed of Settlement would not have a material effect on each of the amount of total assets, earnings and liabilities of the Eminence Group upon Completion.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) for Eminence in respect of the Deed of Settlement exceed(s) 25% but is/are less than 100% pursuant to Rule 14.07 of the Listing Rules, the Deed of Settlement constitutes a major transaction for Eminence under Rule 14.06(3) of the Listing Rules and is therefore subject to the reporting, announcement and the Eminence Shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as Eminence is aware, having made all reasonable enquiries, no Eminence Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the Deed of Settlement if Eminence were to convene a general meeting for approving the Deed of Settlement.

WRITTEN EMINENCE SHAREHOLDER'S APPROVAL

Pursuant to Rule 14.44 of the Listing Rules, in lieu of a resolution to be passed at a general meeting of Eminence, a written approval of the Deed of Settlement has been obtained from Ace Winner, a substantial Eminence Shareholder holding 484,538,175 Eminence Shares, representing approximately 52.01% of the issued Eminence Shares as at the Latest Practicable Date.

LETTER FROM THE EMINENCE BOARD

ADDITIONAL INFORMATION

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

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

1. FINANCIAL SUMMARY OF THE EMINENCE GROUP

Further information about the Eminence Group is disclosed in the last three (3) published annual reports and the most recent interim report, copies of which can be located at the hyperlinks below:

| For the six months ended | Hyperlink | Principal relevant pages |
|---------------------------------|---|---------------------------------|
| 30 September 2021 | https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1222/2021122200390.pdf | 42-100 |
| For the year ended | Hyperlink | Principal relevant pages |
| 31 March 2021 | https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0714/2021071400346.pdf | 75-221 |
| 31 March 2020 | https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0618/2020061800324.pdf | 77-213 |
| 31 March 2019 | https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/1tn20190620297.pdf | 67-189 |

2. WORKING CAPITAL

The Eminence Directors are of the opinion that, after taking into account its available financial resources, the Eminence Group has sufficient working capital for its requirements for the next twelve (12) months from the date of this circular.

3. INDEBTEDNESS

As at the close of business of 31 January 2022, being the latest practicable date for the purpose of determining the indebtedness of the Eminence Group prior to the printing of this circular, the Eminence Group had outstanding bank borrowings of approximately HK\$1,662,142,000, which were secured by charges on investment properties and properties held for development for sale of the Eminence Group with carrying amounts of approximately HK\$1,310,988,000 and HK\$2,969,496,000 respectively at 31 January 2022 and all bank borrowings were guaranteed by Eminence.

Save as disclosed above and for intra-group liabilities, the Eminence Group did not have any debt securities authorized or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at the close of business on 31 January 2022.

4. FINANCIAL AND TRADING PROSPECTS OF THE EMINENCE GROUP

Although uncertainties in the global economic outlook have been caused by the softening global economic growth, the trade war between US and China, and the outbreak of coronavirus disease (COVID-19) and the 2022 Russian invasion of Ukraine, the Eminence Group maintains a cautiously optimistic view on the property market and will devote resources and efforts in increasing and replenishing its land bank for development. The Eminence Group will continue to adopt a prudent approach on acquiring and disposing properties. In addition, the Eminence Group will continue to look for potential investment properties for recurring income and capital appreciation, at the same time expanding its loan financing business for the growth of its stable recurring income. These strategies are intended to enable the Eminence Group to maintain its competitiveness thereby ensuring the Eminence Group's sustainability and securing the Eminence Shareholders' benefits.

5. MATERIAL ADVERSE CHANGE

The Eminence Directors confirm that, as at the Latest Practicable Date, subject to COVID-19 and other unpredictable circumstances, there has been no material adverse change in the financial or trading position or outlook of the Eminence Group since 31 March 2021, the date to which the latest published audited financial statements of Eminence were made up, up to and including the Latest Practicable Date.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the property to be acquired by the Eminence Group as at 28 February 2022.

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



25 March 2022

The Board of Directors

Eminence Enterprise Limited

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

Dear Sirs,

We refer to the recent instruction from “Eminence Enterprise Limited” (referred to as the “**Company**”) and its subsidiary(ies) (together referred to as the “**Group**”) to us to value the property interest(s) of “Lot Nos. 1278, 1279 and 1280 in D.D. 124, Yuen Long, New Territories, Hong Kong” (referred to as the “**Property**”) which is to be acquired by the Group, we confirm that we have inspected the Property, 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 the Property as at 28 February 2022 (the “**Date of Valuation**”).

BASIS OF VALUE

Our valuation is our opinion of market value of the Property which is defined as intended to mean “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 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” (“**HKE**x”). 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

In our valuation, 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 in order to arrive at the fair comparison of values.

TITLE INVESTIGATION

We have conducted land searches 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.

VALUATION CONSIDERATION

External inspection to the Property was carried out by Mr. Jeff M.C. LIU BSc (Hons) on 15 November 2021. 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 Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

VALUATION ASSUMPTION

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in 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 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.

In our valuation, we have assumed that the owner(s) of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired land-lease term granted subject to the payment of usual Government Rent. Our valuation for the Property is 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.

We had carried out on-site inspection to the Property 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. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected on the Property.

Our market value assessment of the Property 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 has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restriction(s) and outgoing(s) of an onerous nature which may serve to affect the value of the Property.

REMARKS

The outbreak of the “Novel Coronavirus” (“**COVID-19**”), declared by the “World Health Organisation” as a “Global Pandemic” on 11 March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible. The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the Date of Valuation some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where an adequate quantum of market evidence exists upon which to base opinion of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being subject to “Material Valuation Uncertainty” as defined by VPS3 and VPGA10 of the “RICS Valuation – Global Standards” published by RICS as well as “Material Uncertainty” as set out in “VS9 Reporting” of “HKIS Valuation Standards 2020” published by the HKIS, except as identified below. In respect of the sector in which the property is being classified, as at the Date of Valuation we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant or sufficient market evidence on which to base our judgement. Our valuation of the property is therefore reported as being subject to “Material Valuation Uncertainty” as set out in VPS3 and VPGA10 of the “RICS Valuation – Global Standards” published by RICS as well as “Material Uncertainty” as set out in “VS9 Reporting” of “HKIS Valuation

Standards 2020” published by the HKIS. Consequently, in respect of the valuation less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. For the avoidance of doubt, this explanatory note, including the “Material Valuation Uncertainty” declaration, does not mean that the valuation cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the Date of Valuation.

We hereby confirm that:

- (1) we have no present or prospective interest in the Property; 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 valuer 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 the vendor or purchaser, 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, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars (“**HK\$**”), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED
David W. I. CHEUNG
MRICS MHKIS RPS(GP) CREA
RICS Registered Valuer
Executive Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 38 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 15-year of experience with Vigers Appraisal and Consulting Limited.

PROPERTY VALUATION REPORT

Property to be acquired by the Group

| The Property | Description and Tenure | Occupancy Status | Market Value in Existing State as at the Date of Valuation |
|---|---|---|---|
| Lot Nos. 1278, 1279 and 1280 in D.D. 124, Yuen Long, New Territories, Hong Kong (the "Property") | <p>The property is situated along an access road which branches off Tin Ha Road in Yuen Long district of New Territories in Hong Kong.</p> <p>Upon our inspection and according to the information provided by the Group, the Property comprises 3 parcel of lots with a total site area of approximately 2,590.05 square metres (or 27,879 square feet). The breakdown of site areas of the Property is listed in Note 3 below.</p> <p>Lot Nos. 1278, 1279 and 1280 in D.D. 124 are held under Government Lease for a lease term of 75 years commencing on 1 July 1898 renewed for a further lease term of 24 years and has been further extended to 30 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.</p> | Upon our inspection and according to the information provided by the Group, the Property is currently vacant. | <p>HK\$40,000,000 (HONG KONG DOLLARS FORTY MILLION ONLY)</p> <p>(100% interest attributable to the Company:</p> <p>HK\$40,000,000 (HONG KONG DOLLARS FORTY MILLION ONLY))</p> |

Notes

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

| Property | Registered Owner and Last Transaction |
|-----------------------------------|---|
| Lot No. 1278 in D.D. 124 | SHUI KAM ENTERPRISES LIMITED vide Memorial No. YL522759 dated 7 August 1992 |
| Lot No. 1279 and 1280 in D.D. 124 | SHUI KAM ENTERPRISES LIMITED vide Memorial No. YL229484 dated 6 February 1980 |

- Pursuant to the recent land registration record, the Property is subject to the following salient encumbrances:

Encumbrances

- Waiver Letter in favour of H.K. GOVT vide Memorial No. YL190896 dated 12 March 1976; and
- Statutory Declaration by Tang Lut Hang as to Loss of Title Deeds vide Memorial No. YL597031 dated 21 May 1994

Deeds Pending Registration

- Loan Agreement in favour of City China International Limited for a consideration of HK\$6,200,000.00 (PT.) vide Memorial No. 21110401640029 dated 13 November 2017;
- Loan Agreement in favour of City China International Limited for a consideration of HK\$3,000,000.00 (PT.) vide Memorial No. 21110401640037 dated 16 October 2018;

- (3) Supplemental Agreement in favour of City China International Limited for a consideration of the Loan Facilities in the maximum principal amount will be charged to HK\$9,100,000.00 (PT.) vide Memorial No. 21110401640045 dated 8 November 2019; and
- (4) Supplemental Agreement in favour of City China International Limited for a consideration of the Loan Facilities in the maximum principal amount will be charged to HK\$9,000,000.00 (PT.) vide Memorial No. 21110401640058 dated 2 November 2020.
3. As measured from Block Government Lease, the site area of the Property are tabulated as follows:

| Property | Site Area |
|--------------------------|---|
| Lot No. 1278 in D.D. 124 | 0.21 acre or 9,148 square feet or 849.88 square metres |
| Lot No. 1279 in D.D. 124 | 0.31 acre or 13,504 square feet or 1,254.56 square metres |
| Lot No. 1280 in D.D. 124 | 0.12 acre or 5,227 square feet or 485.60 square metres |
| Total | 0.64 acre or 27,879 square feet or 2,590.04 square metres |

4. The Property is situated along an access road which brunches off Tin Ha Road in Yuen Long district of New Territories in Hong Kong. The locality is a traditional residential/industrial area dominated by village type houses and low rise storage with various ages. The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The proposed MTR Tin Shui Wai Station will be located with 15 minutes' drive away from the Property.
5. Pursuant to Block Government Lease, the description of the property is Dry Cultivation.
6. The Property falls within an area zoned "Other Specified Uses (Enterprises and Technology Park)" on Approved Hung Shui Kiu Outline Zoning Plan No. S/HSK/2 (the "Outline Zoning Plan") exhibited on 18 October 2018. According to the explanatory note attached to the Outline Zoning Plan, this zone is intended primarily to provide development space for accommodating a variety of innovation and technology uses, including research centre, testing and certification, data centre, modern industries and other related businesses and non-polluting industrial uses. 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 of 5, whichever is the greater.
7. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available.

We have made adjustments to different attributes such as time of the relevant transaction, size, use and location between the Property and the comparables. Particulars of the five transactions that have been analysed and relied on are summarised as follows:

| Land Registry Memorial No. | Date of Transaction | Property Address | Consideration | Site Area | Unit Rate |
|----------------------------|---------------------|-------------------------------------|----------------|--------------|------------------|
| 19111400520023 | 22 October 2019 | Lot No. 3126 in D.D. 124, Yuen Long | HK\$6,463,000 | 4,792 sq.ft. | HK\$1,349/sq.ft. |
| 19061300460031 | 22 May 2019 | No. 3164 in D.D. 124, Yuen Long | HK\$9,401,000 | 6,970 sq.ft. | HK\$1,349/sq.ft. |
| 19053100580029 | 16 May 2019 | No. 2197 in D.D. 124, Yuen Long | HK\$6,463,000 | 4,792 sq.ft. | HK\$1,349/sq.ft. |
| 20100901740078 | 27 April 2018 | No. 3178 in D.D. 124, Yuen Long | HK\$14,636,000 | 9,148 sq.ft. | HK\$1,600/sq.ft. |
| 18030200720012 | 20 February 2018 | No. 2189 in D.D. 124, Yuen Long | HK\$9,278,000 | 6,534 sq.ft. | HK\$1,420/sq.ft. |

The unit rates of comparable transactions are in the range of about HK\$1,349 to HK\$1,600 per square foot. Our valuation falls within these ranges.

**A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE
EMINENCE GROUP**

The accompanying unaudited pro forma statement of assets and liabilities of the Eminence Group (“**Statement**”) has been prepared to illustrate the effect of the proposed deed of settlement entered into between Shui Kam and City China, pursuant to which amongst other things: (a) City China will release Shui Kam from liability under the Loan Agreements and, (b) in return, Shui Kam will transfer the Property to Lion Capital; and (c) City China will assign to Shui Kam the Assigned Debts (“**Deed of Settlement**”), assuming the transaction had been completed as at 30 September 2021, might have affected the financial position of the Eminence Group.

The Statement is prepared based on the unaudited condensed consolidated statement of financial position of the Eminence Group as at 30 September 2021, which has been extracted from the published interim report of the Eminence Group for the six months ended 30 September 2021, after making certain pro forma adjustments resulting from the Deed of Settlement.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Eminence Group that would have been attained had the Deed of Settlement actually occurred on 30 September 2021. Furthermore, the Statement does not purport to predict the Eminence Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Eminence Group as set out in Appendix I of the Circular, the Property valuation report as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE EMINENCE GROUP**

| | The Eminence Group as at 30 September 2021 HK\$'000 (Unaudited) (Note 1) | Pro forma adjustments | | | Unaudited Pro forma for the Eminence Group HK\$'000 (Unaudited) |
|---|--|-----------------------|----------------------|----------------------|---|
| | | HK\$'000 (Note 2) | HK\$'000 (Note 3) | HK\$'000 (Note 4) | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5,419 | – | – | – | 5,419 |
| Right-of-use assets | 4,652 | – | – | – | 4,652 |
| Investment properties | 1,303,623 | – | 43,400 | – | 1,347,023 |
| Loans receivable | 25,350 | – | – | – | 25,350 |
| Financial assets at fair value through profit or loss | 29,847 | – | – | – | 29,847 |
| Debt instruments at fair value through other comprehensive income | 6,363 | – | – | – | 6,363 |
| Debt instrument at amortised cost | 23,220 | – | – | – | 23,220 |
| Deferred tax assets | 10,147 | – | – | – | 10,147 |
| Other receivables | 103,160 | – | – | – | 103,160 |
| | <u>1,511,781</u> | <u>–</u> | <u>43,400</u> | <u>–</u> | <u>1,555,181</u> |
| Current assets | | | | | |
| Properties held for development for sale | 2,922,877 | – | – | – | 2,922,877 |
| Trade and other receivables | 31,449 | – | (1,084) | – | 30,365 |
| Loans receivable | 82,456 | 35,680 | (38,750) | – | 79,386 |
| Financial assets at fair value through profit or loss | 108,397 | – | – | – | 108,397 |
| Debt instruments at fair value through other comprehensive income | 15,365 | – | – | – | 15,365 |
| Bank balances and cash | 44,295 | – | (3,400) | (431) | 40,464 |
| | <u>3,204,839</u> | <u>35,680</u> | <u>(43,234)</u> | <u>(431)</u> | <u>3,196,854</u> |

| | The Eminence Group as at 30 September 2021 HK\$'000 (Unaudited) (Note 1) | Pro forma adjustments | | | | Unaudited Pro forma for the Eminence Group HK\$'000 (Unaudited) |
|--|--|-----------------------|----------------------|----------------------|------------------|---|
| | | HK\$'000 (Note 2) | HK\$'000 (Note 3) | HK\$'000 (Note 4) | HK\$'000 | |
| Current liabilities | | | | | | |
| Trade and other payables | 82,590 | – | – | – | 82,590 | |
| Tax payable | 9,440 | – | – | – | 9,440 | |
| Convertible notes | 14,763 | – | – | – | 14,763 | |
| Secured bank borrowings | 543,491 | – | – | – | 543,491 | |
| Lease liabilities | 2,417 | – | – | – | 2,417 | |
| | <u>652,701</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>652,701</u> | |
| Net current assets | <u>2,552,138</u> | <u>35,680</u> | <u>(43,234)</u> | <u>(431)</u> | <u>2,544,153</u> | |
| Total assets less current liabilities | <u>4,063,919</u> | <u>35,680</u> | <u>166</u> | <u>(431)</u> | <u>4,099,334</u> | |
| Non-current liabilities | | | | | | |
| Deferred tax liabilities | 36,774 | – | – | – | 36,774 | |
| Convertible note | 47,560 | – | – | – | 47,560 | |
| Secured bank borrowings | 1,011,758 | – | – | – | 1,011,758 | |
| Lease liabilities | 2,289 | – | – | – | 2,289 | |
| | <u>1,098,381</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>1,098,381</u> | |
| Net assets | <u>2,965,538</u> | <u>35,680</u> | <u>166</u> | <u>(431)</u> | <u>3,000,953</u> | |

Notes:

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Eminence Group as at 30 September 2021 as set out in the published interim report of the Eminence Group for the six months end 30 September 2021.
2. The adjustment represents the reversal of impairment allowance for loans receivable of HK\$35,680,000 was recognised in profit or loss as the loans receivables settled under the Deed of Settlement.
3. The adjustment in the amounts of “Loans receivable” (HK\$38,750,000) and “Trade and other receivables” (HK\$1,084,000) of approximately HK\$39,834,000 in aggregate represents the Deed of Settlement of (i) release Shui Kam from liability under the Loan Agreements of approximately HK\$9,120,000 (including principal and outstanding interest) and (ii) assign to Shui Kam the Assigned Debts of approximately HK\$30,714,000 (including principal and outstanding interest).

Based on the valuation report issued by Vigers, the fair value of the Property as at 28 February 2022 was approximately HK\$40,000,000. The difference of approximately HK\$166,000 recognised in profit or loss as the gain on settlement of loan receivables and trade and other receivables.

The adjustment in the amount of “Bank balances and cash” of approximately HK\$3,400,000 represents Ad Valorem Stamp Duty arising from transfer of Property from Shui Kam to Lion Capital. The Eminence Group will settle the stamp duty by cash. The amount of the stamp duty will be capitalised as directly attributable expenditure of the Property.

The above amounts were allocated to “Investment properties” (HK\$43,400,000) as the initially cost and directly attributable expenditure of the Property.

4. The adjustment represents payment of the estimated transaction costs directly attributable to this circular of approximately HK\$431,000.
5. No adjustments have been made to reflect any trading results or other transactions of the Eminence Group entered into subsequent to 30 September 2021.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

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



ZHONGHUI ANDA CPA Limited
Certified Public Accountants

25 March 2022

The Board of Directors
Eminence Enterprise Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Eminence Enterprise Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “Eminence Group”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 September 2021 (the “**Statement**”) as set out on pages III-1 to III-4 of the circular dated 25 March 2022 issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page III-1 of the circular.

The Statement has been compiled by the directors to illustrate the impact of the proposed deed of settlement entered into between Shui Kam Enterprises Limited and the Eminence Group on the Eminence Group’s financial position as at 30 September 2021 as if the transaction had been taken place at 30 September 2021. As part of this process, information about the Eminence Group’s financial position has been extracted by the directors from the Eminence Group’s condensed financial statements as included in the interim report for the six months ended 30 September 2021, on which no audit or review report has been published.

Directors’ Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Statement beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Eminence Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2021 would have been as presented.

A reasonable assurance engagement to report on whether the Statement has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the Statement provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Statement reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Eminence Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Statement has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Eminence Group; and
- (c) the adjustments are appropriate for the purposes of the Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Eminence Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Eminence. The Eminence Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, none of the Eminence Directors or chief executive of Eminence (the “**Chief Executive**”) had any interests or short positions in the Eminence Shares, underlying Eminence Shares and debentures of Eminence or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”), which were required (i) to be notified to Eminence and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Eminence Directors or the Chief Executive were taken or deemed to have taken or deemed to have taken under such provisions of the SFO), or (ii) to be entered in the register kept by Eminence under Section 352 of the SFO, or (iii) to be notified to Eminence and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(b) Interests of substantial Eminence Shareholders

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

| Name of substantial Eminence Shareholder | Notes | Capacity | Number of Eminence Shares | Number of underlying Eminence Shares | Total | Approximate percentage of the total issued Eminence Shares |
|--|--------------------|------------------------------------|---------------------------|--------------------------------------|--------------|--|
| Ace Winner | (i) and (iv) | Beneficial owner | 484,538,175* | – | 484,538,175* | 52.01% |
| Goodco Development Limited (“ Goodco ”) | (i), (ii) and (iv) | Beneficial owner | 161,445,295 | 389,120,000 | 550,565,295 | 59.10% |
| Easyknit Properties Holdings Limited | (i), (ii) and (iv) | Interest of controlled corporation | 161,445,295 | 389,120,000 | 550,565,295 | 59.10% |

| Name of substantial Eminence Shareholder | Notes | Capacity | Number of Eminence Shares | Number of underlying Eminence Shares | Approximate percentage of the total issued Eminence Shares | |
|--|-----------------------|---------------------------------------|---------------------------------|---|---|---------|
| | | | | | Total | Shares |
| Easyknit | (i), (ii) and (iv) | Beneficial owner | 27,000,000 | – | 27,000,000 | 2.90% |
| | | Interest of controlled corporation | 669,370,840 | 389,120,000 | 1,058,490,840 | 113.63% |
| Magical Profits Limited | (iii) and (iv) | Interest of controlled corporation | 696,370,840 | 389,120,000 | 1,085,490,840 | 116.53% |
| Accumulate More Profits Limited | (iii) | Interest of controlled corporation | 696,370,840 | 389,120,000 | 1,085,490,840 | 116.53% |
| The Winterbotham Trust Company Limited | (iii) | Interest of controlled corporation | 696,370,840 | 389,120,000 | 1,085,490,840 | 116.53% |
| Winterbotham Holdings Limited | (iii) | Interest of controlled corporation | 696,370,840 | 389,120,000 | 1,085,490,840 | 116.53% |
| Christopher Geoffrey Douglas Hooper | (iii) | Interest of controlled corporation | 696,370,840 | 389,120,000 | 1,085,490,840 | 116.53% |
| Hu Rong | | Beneficial owner | 47,030,000 | – | 47,030,000 | 5.05% |

Notes:

- (i) In the 669,370,840 Eminence Shares, 484,538,175* Eminence Shares, 23,387,370 Eminence Shares and 161,445,295 Eminence Shares were registered in the name of and beneficially owned by Ace Winner, Landmark Profits Limited and Goodco (which was wholly-owned by Easyknit Properties Holdings Limited) respectively, all of which were wholly-owned subsidiaries of Easyknit. 27,000,000 Shares were also beneficially owned by Easyknit.
- (ii) The 389,120,000 underlying Eminence Shares comprised of (a) 64,000,000 Eminence Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by Eminence on 11 May 2017; (b) 45,120,000 Eminence Shares (subject to adjustment) to be issued upon full conversion of another convertible note held by Goodco issued by Eminence on 26 September 2017; and (c) 280,000,000 Eminence Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by Eminence on 28 August 2019 (collectively, the “**Goodco Convertible Notes**”).
- (iii) Magical Profits Limited, which was interested in approximately 39.32% of the issued share capital of Easyknit, was wholly-owned by Accumulate More Profits Limited which in turn was wholly-owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust. The Winterbotham Trust Company Limited was owned as to 75% by Winterbotham Holdings Limited, which in turn was owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper.
- (iv) Ms. Lui Yuk Chu, an executive Eminence Director, was also a director of Ace Winner, Goodco, Easyknit Properties Holdings Limited, Easyknit and Magical Profits Limited.

* According to Form 2 filed on 2 July 2021 by Ace Winner, on 25 June 2021, 300,000,000 Eminence Shares, representing approximately 32.20% of the total issued Eminence Shares, were pledged to Hang Seng Bank Limited.

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

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

3. LITIGATION

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

4. EMINENCE DIRECTORS' SERVICE CONTRACTS

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

5. EMINENCE DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

6. EMINENCE DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Eminence Directors was interested in any contract of arrangement entered into by Eminence or any of its subsidiaries which contract or arrangement was subsisting at the Latest Practicable Date and which is significant in relation to the business of the Eminence Group. As at the Latest Practicable Date, none of the Eminence Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Eminence Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Eminence Group were made up.

7. MATERIAL CONTRACTS

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

- (a) three deeds of amendment each dated 18 September 2020 entered into between Eminence and Goodco in relation to the proposed alterations of certain terms of the Goodco Convertible Notes; and
- (b) the Deed of Settlement.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given their opinions or advice which are contained in this circular:

| Name | Qualification |
|-------------------------------------|---|
| ZHONGHUI ANDA CPA Limited Vigers | Certified Public Accountants Independent Professional Valuer |

At the Latest Practicable Date, the above experts did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2021 (being the date to which the latest published audited consolidated accounts of Eminence were made up), acquired or disposed of by or leased to any member of the Eminence Group, or are proposed to be acquired or disposed of by or leased to any member of the Eminence Group; and
- (b) any shareholding in any member of the Eminence Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Eminence Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letter(s) and the reference(s) to their names in the form and context in which they respectively appear.

9. GENERAL

- (a) The company secretary of Eminence is Mr. Lee Po Wing, a practising solicitor since 1994.
- (b) The registered office of Eminence is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of Eminence in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of Eminence is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text where there is any inconsistency.

10. DOCUMENTS ON DISPLAY

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

- (a) the accountant's report on unaudited pro forma financial information of the Eminence Group issued by ZHONGHUI ANDA CPA Limited as set out in appendix III to this circular;
- (b) the letter from ZHONGHUI ANDA CPA Limited, the reporting accountant, in respect of the accountant's report on unaudited pro forma financial information of the Eminence Group, as set out in appendix III to this circular;
- (c) the valuation report prepared by Vigers as set out in appendix II to this circular;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and
- (e) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix.