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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your securities in Eminence Enterprise Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Eminence Enterprise Limited.

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

## PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF SPECIAL GENERAL MEETING

Placing Agent



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A letter from the Board is set out on pages 4 to 21 of this circular.

A notice convening the special general meeting of Eminence Enterprise Limited to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 14 September 2022 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as practicable but in any event not later than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Hong Kong, 23 August 2022

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“Announcement”	the announcement of the Company dated 27 July 2022 in relation to the Placing of new Shares under Specific Mandate
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	a day (other than a Saturday and Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“Company”	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)
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	on the fourth (4th) Business Day upon the fulfillment of conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“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)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined in the Listing Rules)

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## DEFINITIONS

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“Latest Practicable Date”	Friday, 19 August 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	on or before 5:00 p.m. on the thirtieth (30th) day after the date of the SGM or such later date as the parties may agree in writing, being the date on which all the conditions precedent of the Placing Agreement have been satisfied or waived, and if such a date is not a Business Day, then the Long Stop Date shall be postponed to immediately following Business Day
“Main Board”	the main board maintained and operated by the Stock Exchange
“Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any person(s), other Placee(s) or the Shareholder(s) to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s), on a best effort basis, on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingston Securities Limited, the placing agent and a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 27 July 2022 entered into between the Company and the Placing Agent in relation to the Placing under the Specific Mandate
“Placing Price”	HK\$0.068 per Placing Share

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## DEFINITIONS

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“Placing Share(s)”	a maximum of up to 607,400,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and transactions contemplated thereunder, including the grant of the Specific Mandate to allot and issue the Placing Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the SGM for the allotment and issue of a maximum of up to 607,400,000 Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE 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

23 August 2022

*To the Shareholders*

Dear Sir or Madam,

**PLACING OF NEW SHARES UNDER SPECIFIC MANDATE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcement. The purpose of this circular is to provide you with, amongst other things, (i) further details of the Placing Agreement; and (ii) a notice convening the SGM together with a form of proxy and other information as required under the Listing Rules.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

On 27 July 2022 (after trading hours), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 607,400,000 Placing Shares at the Placing Price of HK\$0.068 per Placing Share to not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties.

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

#### Date

27 July 2022 (after trading hours)

#### Parties

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

#### Placing Agent

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of up to 607,400,000 Placing Shares to not less than six (6) independent Placees who and whose ultimate beneficial owners are Independent Third Parties. Reference was made to the Company's announcement dated 30 March 2022. The placing of new shares under general mandate conducted by the Placing Agent on a best effort basis was completed on 20 April 2022 and a total of 186,280,000 placing Shares have been successfully placed by the Placing Agent at HK\$0.10 per placing Share. The Board considers that the Placing Agent shall use its best endeavors to conduct the Placing and help the Company to meet its funding needs. The terms and conditions of the Placing Agreement were arrived at after arm's length negotiation between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners were not interested in any other securities of the Company.

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## LETTER FROM THE BOARD

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The Placing Agent will be entitled to receive a placing commission of 1% of the Placing Price in respect of such number of the Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing. The 1% placing commission was determined after arm's length negotiation between the Company and the Placing Agent on normal commercial terms and with reference to, amongst other things, the prevailing commission rates charged by other placing agents, the Placing size and price performance of the Shares.

Set out below is the comparable placing commission rates which were charged by other placing agents recently conducted by other companies listed on the Stock Exchange.

<b>Stock code</b>	<b>Name of listed company</b>	<b>Name of placing agent</b>	<b>Date of announcement</b>	<b>Placing commission</b>
223	Elife Holdings Limited	DL Securities (HK) Limited	17 May 2022	3%
1007	Longhui International Holdings Limited	DL Securities (HK) Limited	20 May 2022	1%
1920	Hands Form Holdings Limited	Astrum Capital Management Limited	27 May 2022	1%
928	Life Healthcare Group Limited	Emperor Securities Limited	14 June 2022	2%
1529	Yues International Holdings Group Limited	VBG Capital Limited	15 June 2022	2%
1481	Smart Globe Holdings Limited	I Win Securities Limited and Yuzhou Financial Holdings Limited	29 June 2022	1.5%
899	Asia Resources Holdings Limited	Silverbricks Securities Company Limited	5 July 2022	1.5%
1808	Enterprise Development Holdings Limited	VC Brokerage Limited	13 July 2022	1.5%

With reference to the above comparables, the Board has made references to comparable placing exercises recently conducted by other companies listed on the Stock Exchange where their placing commission rates majority ranged from 1.5% to 2%. Therefore, the Directors consider that the 1% placing commission is fair and reasonable and is in line with the market rate.



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## LETTER FROM THE BOARD

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### Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six (6) Placees at the Placing Price pursuant to the terms and conditions of the Placing Agreement. The Placing Agent shall use its best endeavours to ensure that, among others, (i) each and every of the Placee who is an individual, institutional or professional investor is an Independent Third Party; (ii) the Company will meet the public float requirements under Rule 8.08 of the Listing Rules immediately after the Placing; (iii) no Placee(s) will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing upon the Completion; and (iv) no Placee(s) shall be required to make any mandatory general offer for the Shares pursuant to Rule 26.1 of the Takeovers Code. As at the Latest Practicable Date, no Placee(s) or potential Placee(s) have been identified.

### Number of the Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the Latest Practicable Date and the Completion, the maximum number of up to 607,400,000 Placing Shares under the Placing represents (i) approximately 40.00% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.57% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only the Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$6,074,000.

### Ranking of the Placing Shares

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

### Placing Price

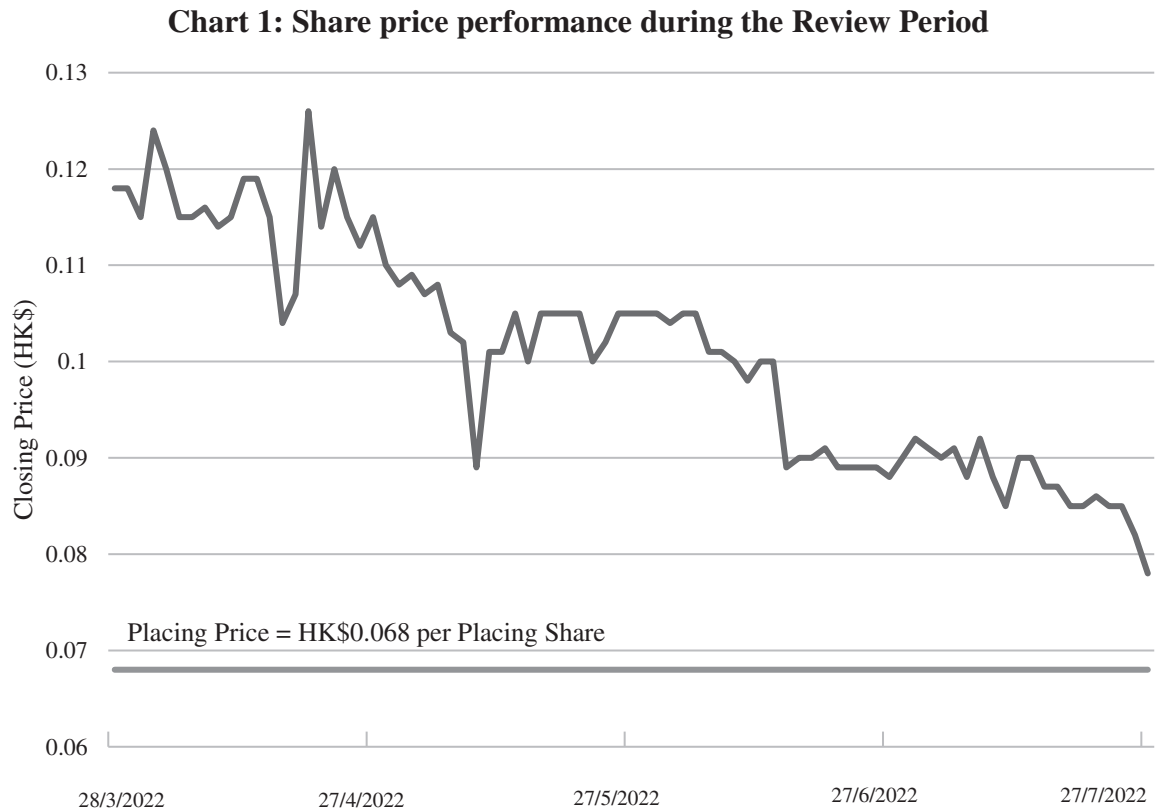
The Placing Price of HK\$0.068 per Placing Share represents (i) a discount of approximately 12.82% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 27 July 2022, being the date of the Placing Agreement; (ii) a discount of approximately 19.62% to the average closing price of HK\$0.0846 per Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement; (iii) a discount of approximately 21.11% to the average closing price of HK\$0.0862 per Share on the Stock Exchange for the ten (10) consecutive trading days immediately prior to the date of the Placing Agreement; and (iv) a discount of approximately 25.27% to the closing price of HK\$0.091 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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## LETTER FROM THE BOARD

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In determining the Placing Price, the Directors have reviewed the closing prices of the Shares during the period from 28 March 2022 and up to and including 27 July 2022, being the date of the Placing Agreement (the “**Review Period**”). The Directors consider that the Review Period could reflect the most recent trend of the prevailing market price of the Shares. The following chart depicts the trend of the closing prices of the Shares during the Review Period:



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

As shown in Chart 1 above, the closing prices of the Shares fluctuated within the range from HK\$0.078 per Share to HK\$0.126 per Share. The average closing price of the Shares was approximately HK\$0.101 during the Review Period. The Placing Price of HK\$0.068 per Placing Share represents a discount of approximately 32.67% to the average closing price of the Shares during the Review Period.

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## LETTER FROM THE BOARD

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In addition, the Directors have also reviewed the trading liquidity of the Shares during the Review Period in determining the Placing Price. The following table sets out the trading volume of the Shares during the Review Period:

**Table 1: Trading volume of the Shares during the Review Period**

<b>Month/Period</b>	<b>Total trading volume</b>	<b>Number of trading days</b>	<b>Average daily trading volume of the Shares</b>	<b>Average daily trading volume as a percentage of the total number of issued Shares</b>
	<i>(Number of Shares)</i>		<i>(Approximate number of Shares)</i>	<i>(Note) (Approximate %)</i>
March 2022 (from 28 March 2022)	3,200,141	4	800,035	0.09
April 2022	137,944,921	18	7,663,607	0.69
May 2022	51,645,255	20	2,582,263	0.23
June 2022	244,877,346	21	11,660,826	1.04
July 2022 (up to 27 July 2022)	42,130,320	18	2,340,573	0.15

*Source: The website of the Stock Exchange (www.hkex.com.hk)*

*Note: The calculation is based on the average daily trading volume of the Shares divided by the total issued Shares as at the respective month end.*

As illustrated in Table 1 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 800,035 Shares to approximately 11,660,826 Shares, representing approximately 0.09% to approximately 1.04% of the total number of issued Shares respectively. The Directors noted that the average daily trading volume during the Review Period of approximately 5,923,432 Shares was thin and represented merely approximately 0.39% of the total number of issued Shares as at the Latest Practicable Date.

Taking into account (i) the low trading volume of the Shares during the Review Period; and (ii) the impact from the outbreak of coronavirus disease (“**COVID-19**”) triggering revenue of the Group to decrease since the year ended 31 March 2020, the Directors consider that it is reasonable and necessary to set the Placing Price at a discount to the recent market price of the Shares so as to attract the Placees and potential investors of the Company to participate in the Placing under the current market conditions.

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## LETTER FROM THE BOARD

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The Directors noted that the Placing Price of HK\$0.068 per Placing Share represents an approximately 96.6% discount to the net asset value per Share of approximately HK\$1.99 as at the Latest Practicable Date (i.e. the Company's total number of issued Shares as at the Latest Practicable Date of 1,518,524,676 Shares and net assets as at 31 March 2022 of approximately HK\$3,015,187,000). In the securities trading market, the trading price is derived from the supply and demand which reflects the fair value and acceptable trading price in the market. Given that the Shares were traded at a deep discount to the net asset value per Share throughout the Review Period, and the market price of the Shares has already reflected the expectation of the investors to the Company (such as its financial results and corporate actions) and the recent market sentiment, the Directors are of the view that it is reasonable to make references to the prevailing market price of the Shares, rather than the net asset value per Share in determining the Placing Price and that the discount of the Pricing Price to the net asset value per Share which reflects the fair value of the Share is justifiable. Over the past year, the Group continued to face up to multiple challenges amidst the softening worldwide economic growth, volatility in the financial markets and the prolonged effect of ongoing COVID-19 pandemic which have affected its business operations. As shown in Chart 1 above, the Share prices had been decreasing which accorded with the corresponding downward trend in the Hang Seng Index with over 60 largest constituent companies listed on the Stock Exchange which is the main indicator of the stock market. Taking into consideration of the above, it is reasonable and necessary to set the Placing Price at a discount to the recent market price so as to attract the Placees and potential investors of the Company to participate in the Placing. As such, the Board is of the view that the Placing Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to a number of factors including but not limited to (i) the deep discount to the net asset value of the Company; (ii) the prevailing market prices of the Shares prior to the entering into of the Placing Agreement; (iii) the acceptance of the Placing Price of HK\$0.068 per Placing Share (which is approximately 12.82% discount to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 27 July 2022, being the date of the Placing Agreement) to the Placee(s); and (iv) the potential dilution effect to the existing Shareholders' interests.

Set out below is the comparable discounts of the placing price to the closing price and net asset value per share of other companies listed on the Stock Exchange in relation to the recent placing transactions.

## LETTER FROM THE BOARD

Stock code	Name of listed company	Date of announcement	Discount of placing price to closing price (approximately)	Net asset value per share (Note) (approximate HK\$)	Discount of placing price to net asset value per share (approximately)
1920	Hands Form Holdings Limited	27 May 2022	18.92%	0.056	46.43%
428	Cocoon Holdings Limited	13 June 2022	19.30%	0.335	34.93%
928	Life Healthcare Group Limited	14 June 2022	13.22%	0.228	54.03%
1529	Yues International Holdings Group Limited	15 June 2022	18.50%	0.171	17.54%
1808	Enterprise Development Holdings Limited	13 July 2022	19.23%	3.070	86.33%

*Note: The net asset value per share is calculated by dividing the net asset value as extracted from the latest published annual report or interim report by the total number of issued shares as extracted from the latest published monthly return of equity issuer on movements in securities (preceding the date of announcement) of the respective listed company.*

With reference to the above comparables, the Directors have made references to the comparable placing transactions as currently announced by other companies listed on the Stock Exchange prior to the date of the Placing Agreement (the “**Comparable Placing Transactions**”) and the Board noted that the discount of approximately 12.82% represented by the Placing Price to the closing price of the Shares is less than the range of discounts of the Comparable Placing Transactions.

Set out below is the comparable price-to-book ratios of other companies listed on the Stock Exchange with their principal businesses similar to those of the Company.

Stock code	Name of listed company	Price-to-book ratio (Note) (approximately)
616	The Company	0.05*
230	Minmetals Land Limited	0.12
497	CSI Properties Limited	0.12
1243	Wang On Properties Limited	0.21
199	ITC Properties Group Limited	0.24
35	Far East Consortium International Limited	0.36

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## LETTER FROM THE BOARD

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*Note: The price-to-book ratio is calculated by dividing the market price per share by the net asset value (as extracted from the latest published annual report of the respective listed company) per share as at the relevant year end date.*

*\* The price-to-book ratio of the Company is calculated by dividing the market price per share as at the Latest Practicable Date by the net asset value per share of approximately HK\$1.99 (i.e. the Company's total number of issued Shares as at the Latest Practicable Date of 1,518,524,676 Shares and net assets as at 31 March 2022 of approximately HK\$3,015,187,000).*

With reference to the above comparables, the Board has made references to the comparable price-to-book ratios of other companies listed on the Stock Exchange with their principal businesses similar to those of the Company and the Directors noted that the price-to-book ratio of the Company is close to the range of the comparables ranged from 0.12 to 0.36. Taking into account of the above, the Board considers that it is fair and reasonable to make references to the price-to-book ratio showing market price per Share to net asset value per Share and therefore entering into the Placing Agreement is in the interests of the Company and the Shareholders as a whole.

As such, the Directors consider the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the terms and conditions of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Subject to the Completion, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$41,303,200 and HK\$40,800,000 respectively. On such basis, the net issue price will be approximately HK\$0.0672 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital.

### **Conditions of the Placing Agreement**

The Completion is conditional upon the fulfilment of all of the following conditions:

- (a) the duly passing of resolution(s) at the SGM by the Shareholders in relation to the Placing Agreement and the Specific Mandate for the allotment and issue of the Placing Shares in accordance with the terms and conditions under the Placing Agreement;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (c) the Bermuda Monetary Authority having granted all, and not revoking any necessary approvals and permissions for the creation, allotment and issue of the Placing Shares, if applicable; and
- (d) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms under the Placing Agreement, including provisions regarding force majeure events.

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## LETTER FROM THE BOARD

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Save for the condition (a) above, if the above conditions precedent are not satisfied and/or waived in whole or in part by the Placing Agent on or before the Long Stop Date, the Placing shall be terminated and the Placing shall not proceed and all obligations and liabilities of the Placing Agent and those of the Company under the Placing Agreement shall cease and determine forthwith and no party shall have any claim whatsoever against the other party in relation thereto save for any antecedent breach of the Placing Agreement and without prejudice to the accrued rights and liabilities of each party.

As at the Latest Practicable Date, none of the conditions precedent to the Placing Agreement had been fulfilled.

### **Termination of the Placing Agreement**

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in its absolute opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (i) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any natures whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

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## LETTER FROM THE BOARD

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

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

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

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

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

### **Completion**

The Completion, in any event, will take place on the Completion Date on the fourth (4th) Business Day upon the fulfillment of the conditions set out in paragraph headed “Conditions of the Placing Agreement” above (or such other date to be agreed between the Company and the Placing Agent in writing) but not later than the Long Stop Date.



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## LETTER FROM THE BOARD

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### **Application for Listing**

Application has been made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares under the Placing.

None of the share capital or debt securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

### **Specific Mandate**

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

### **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Company 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 Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses.

As disclosed in the Company's annual results announcement dated 29 June 2022 and 2022 annual report published on 22 July 2022, as at 31 March 2022, the Group's bank balances and cash were approximately HK\$82,099,000 and audited consolidated net assets were approximately HK\$3,015,187,000, equivalent to a net asset value per Share of approximately HK\$1.99 as at the Latest Practicable Date.

As disclosed in the 2022 annual report of the Company, it can be seen that the overall level of cash balance of the Group has declined from approximately HK\$357,800,000 as of 1 April 2020 to approximately HK\$82,100,000 as of 31 March 2022, attributable mainly to the acquisitions of and construction cost incurred in properties held for development for sale.

Based on the internal cashflow forecast of the Group, the cash balance of the Group continues to decline after net cash outflows incurred in the recurring daily operations and reach a projected deficit in March 2023. The net cash outflows during this period arises due to the reasons of (i) net recurring operating expenses; (ii) project construction and finance costs of properties held for development for sale contributed by the Group; (iii) repayment of bank loan principal and interest; and (iv) reserved amount for committed investment, which is detailed as below.

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## LETTER FROM THE BOARD

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As at 31 July 2022, the Group's bank balances and cash were approximately HK\$79,300,000. Based on the internal assessment on the Group's working capital forecast and funding needs for the next twelve (12) months, the Group's is expected to generate an average monthly operating income of approximately HK\$4,500,000 arising from rental and management fee income and interest income from loan financing; and incur an average monthly operating outflow of approximately HK\$20,300,000 (includes mainly operating expenses, project construction cost not financed by bank loans, project finance cost and repayment of bank loans of maturity dates ranged from July 2023 to May 2032 and interests). The Group has also needed to reserve US\$2,500,000 (equivalent to approximately HK\$19,500,000) for a committed investment, being the balance of funding commitment for subscription for the limited partnership interest in a limited partnership, Templewater I, L.P., details of which was disclosed in the Company's announcement dated 27 March 2019, despite that there will be a stamp duty refund of approximately HK\$21,800,000. If there is no new source of funds from financing, the cash balance of the Group will only be recovered to a higher level until after the launch of the Project Matheson Street (the "**Project**") which is expected to generate sale proceeds and rental income starting from April 2023 onwards. The Project is originally planned to complete in the fourth quarter of 2021 (as disclosed in the 2020 annual report of the Company) and however, owing to a number of social and economical issues happened during the past two (2) years, including the social unrest in Hong Kong, outbreak of COVID-19 and construction work arrangement, completion of the Project has been inevitably delayed and the latest estimated completion date is in the first quarter of 2023 (as updated in the 2022 annual report of the Company), i.e. a delay of more than one (1) year. Based on the aforesaid analysis, the Board noted that the Group will reach critically low level of cash flow before the end of 2022 and even expect a potential deficit in early 2023. As a result, the Group has an imminent need to raise fund to replenish its working capital in order to support its business operations. Therefore, the Directors are of the view that the Placing is a feasible and cost-effective fund raising solution.

In view of the current economic uncertainties and volatility in financial markets due to lingering threat of COVID-19 pandemic, amid rampant inflation and increasing interest rates, despite the presence of existing bank balances and cash, prior to the entering of the Placing Agreement, the Directors have considered various alternatives of raising additional fund, including assets realization, debt financing and other equity fund raising methods (such as rights issue and open offer) for retaining sufficient working capital, strengthening financial position and reserving for future use. The Directors have considered and noted that it is difficult to realize the Group's assets under the current market sentiment. Before entering into the Placing Agreement, three (3) residential units in Singapore were intended to sale by the Group but the proposed disposals could not be reached to agreements despite of having various interested parties due to the negative impact arising from the outbreak of COVID-19 and overall economic recession. The gearing ratio of the Group is currently at a relatively high level and is expected to increase further when additional construction cost is eventually incurred in other existing projects of the Group. Besides, various properties of the Group have already been pledged to banks to secure banking facilities of the Group, raising new source of funds through bank loan financing is considered very difficult. Financing through new bank loan will push gearing ratio of the Group further up to a level that may hit the limit as imposed by the financial covenants of bank loan agreements which would then constitute breach of the loan agreements. As a result of this, the Directors are of the opinion that raising new source of fund through the Placing would be more viable, reasonable and in the interests of the Group and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The Board is of the view that debt financing involves lengthy due diligence procedures with the debt application approval being usually subject to the Group's financial position and prevailing market conditions which may be relatively costly and time-consuming; and impose additional interest burden will in turn not healthy to the long-term financial position of the Group whereas the Placing as compared to debt financing carries no payment obligations to the Group and soon replenish its imminent funding need to meet its business operations.

As for pre-emptive fund raisings such as rights issue or open offer, the Directors consider that they may have difficulty, or require a prolonged period of time which usually takes additional three (3) months, and may incur comparatively higher costs when compared with the Placing due to a relatively more stringent documentary requirements for pre-emptive issues such as preparation of a listing document, application forms, registration requirements for a listing document and negotiation with the underwriter on the terms and conditions of the underwriting agreement. Also, it may incur estimated additional costs of not less than approximately HK\$1,000,000 in relation to the engagement of professional parties including but not limited to reporting accountants, financial and legal advisers, share registrar, financial printer and underwriter. It would therefore not be in the interests of the Company and the Shareholders for the Group to solely rely on or even to deplete the existing limited working capital to fund the Group's expenses in the future as it could create operational difficulties and not be able to react promptly to the worldwide market uncertainties.

Under the current market sentiment, debt financing and equity fund raising options as mentioned above are not feasible to the Company. The Directors therefore approached the Placing Agent with past relationship and the terms and conditions of the Placing Agreement were arrived after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. Therefore, the Directors consider that the Placing is currently the only and best available feasible means of raising additional capital for the Company, and broadening the Shareholders' structure and enlarging the Company's capital base and thus represents a good opportunity for the Group to further strengthen its financial position and continuously maintain its net assets position.

The Company is aware of the potential dilution effect of the Placing that the shareholding of the existing public Shareholders will be diluted from approximately 24.65% to approximately 17.61% but having approximately 28.57% to be offsetted by the Placees and subsequently to be included in the public shareholders as the Placing Agent undertook in the Placing Agreement that no Placees would become a substantial Shareholder as a result of the Placing upon Completion as shown in the table headed "EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY". Nevertheless, having taken into account (i) the funding needs of the Company as stated above to meet the Group's expenses in the future should they arise; (ii) the Placing is currently the most feasible fundraising method to the Company with the benefits of increasing the working capital and strengthening the financial position of the Group without increasing its finance costs and gearing ratio and the possibility of increasing its net assets; (iii) the Placing Price is fair and reasonable as discussed above; and (iv) the fact that the Placing is subject to the Shareholders' approval and therefore the Shareholders are given the opportunity and full discretion to consider the Placing and decide whether to vote in favour of or against the Placing, after due assessment of the above, the Board considers that the benefits of the Placing outweigh the potential dilution effect to the existing public Shareholders, and accordingly, the Placing is fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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Assuming the maximum number of the Placing Shares is fully placed by the Placing Agent, the maximum gross and net proceeds from the Placing (after deducting the placing commission and other relevant costs and expenses incurred in the Placing) will be approximately HK\$41,303,200 and HK\$40,800,000 respectively. The net proceeds raised per Share after the Completion will be approximately HK\$0.0672 per Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital.

Set out below is the detailed breakdown of expected timeline and intended use of net proceeds of the Placing.

<b>Expected timeline of utilization</b>	<b>Expected use of net proceeds</b>	<b>Amount of net proceeds HK\$'million (approximately)</b>
October 2022 – February 2023	Salaries	12.5
October 2022 – February 2023	Administrative expenses	6.8
October 2022 – February 2023	Finance costs	18.5
October 2022 – February 2023	General working capital	<u>3.0</u>
		<u><u>40.8</u></u>

The Board is of the view that the Placing will strengthen the financial position of the Company and provide funding to the Company to meet any future investment opportunities. The Placing also represents good opportunities to broaden the Shareholders' structure and to enlarge the Company's capital base. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

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

	As at the Latest Practicable Date		Immediately upon the Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Substantial Shareholders</b>				
Easyknit	27,000,000	1.78	27,000,000	1.27
Ace Winner Investment Limited	484,538,175	31.91	484,538,175	22.79
Goodco Development Limited	562,231,961	37.02	562,231,961	26.45
Landmark Profits Limited	23,387,370	1.54	23,387,370	1.10
	1,097,157,506	72.25	1,097,157,506	51.61
Hu Rong	47,030,000	3.10	47,030,000	2.21
The Placees	–	–	607,400,000	28.57
Other public Shareholders	374,337,170	24.65	374,337,170	17.61
<b>Total</b>	<b>1,518,524,676</b>	<b>100.00</b>	<b>2,125,924,676</b>	<b>100.00</b>

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

Date of announcement	Equity fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds as at the Latest Practicable Date
30 March 2022	Placing of new shares under general mandate	Approximately HK\$18,380,000	For the Group's general working capital	All proceeds were fully utilized as intended use

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

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## LETTER FROM THE BOARD

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### GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Placing.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 14 September 2022 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not the Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should they so wish and, in such event, the proxy form shall be deemed to be revoked.

Pursuant to Rule 13.39 of the Listing Rules, the resolution(s) as set out in the notice of SGM will be voted on by way of poll at the SGM, the results of which will be announced by the Company after the SGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholders have a material interest in the Placing Agreement and transactions contemplated thereunder including the grant of the Specific Mandate and therefore, no Shareholders will be required to abstain from voting on the relevant resolution(s) to approve the Placing Agreement and the Specific Mandate at the SGM.

The Company has not conducted any rights issue, open offer or specific mandate placing within the twelve (12)-month period immediately preceding the date of the Announcement, or prior to such twelve (12)-month period where dealing in respect of the Shares issued pursuant thereto commenced within such twelve (12)-month period, nor has it issued any bonus securities, warrants or other convertible securities within such twelve (12)-month period. The Placing does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Placing is in compliance with Rule 7.27B of the Listing Rules.

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

**Since the Completion is subject to the fulfillment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

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## LETTER FROM THE BOARD

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### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 8 September 2022 to Wednesday, 14 September 2022, both dates inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of the Shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 7 September 2022.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution(s) at the SGM.

### RESPONSIBILITY STATEMENT

This circular, for which the 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 the Company. The 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 in this circular misleading.

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

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# NOTICE OF SPECIAL GENERAL MEETING

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## EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Eminence Enterprise Limited (the “**Company**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 14 September 2022 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed with or without amendments, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT**

- (a) subject to and conditional upon the fulfilment of the conditions in the conditional placing agreement dated 27 July 2022 (the “**Placing Agreement**”) (a copy of which is produced to the Meeting and initialled by the chairman of the Meeting for the purpose of identification has been produced to the Meeting) entered into between the Company as the issuer and Kingston Securities Limited as the placing agent in relation to the placing of up to 607,400,000 new ordinary shares of HK\$0.01 in the capital of the Company (the “**Placing Share(s)**”) on a best effort basis at the placing price of HK\$0.068 per Placing Share, and transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the directors of the Company (the “**Director(s)**”) be and are hereby granted a specific mandate to exercise all the powers of the Company to allot and issue the Placing Shares, subject to and in accordance with the terms and conditions set out in the Placing Agreement; and
- (c) any one Director, or any two Directors or any one Director and the company secretary of the Company (with a common seal of the Company be affixed, if required) be and is or are hereby authorised for and on behalf of the Company to sign and execute all such other documents, instruments and agreements, and to do all such acts or things deemed by him or her or them to be incidental to, ancillary to or in connection with the matters contemplated in the Placing Agreement as he or she or they consider(s) necessary, desirable or expedient for the implementation of and giving effect to the Placing Agreement and transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares).”

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

Hong Kong, 23 August 2022



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## NOTICE OF SPECIAL GENERAL MEETING

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*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Block A, 7th Floor  
Hong Kong Spinners Building, Phase 6  
481–483 Castle Peak Road  
Cheung Sha Wan  
Kowloon  
Hong Kong

*Notes:*

1. A form of proxy for use at the Meeting is enclosed herewith.
2. Any shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A Shareholder who is the holder of two or more shares of the Company (the “**Share(s)**”) may appoint more than one proxy to represent him/her and on his/her behalf at the Meeting. A proxy need not be a Shareholder. In addition, a proxy or proxies representing either a Shareholder who is an individual or a Shareholder which is a corporation shall be entitled to exercise the same power on behalf of the Shareholder which he/she or they represent(s) as such Shareholder could exercise.
3. Where there are joint registered holders of any Share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such Share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company (the “**Register of Members**”) in respect of such Share shall alone be entitled to vote in respect thereof.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person duly authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorized to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than forty-eight (48) hours before the time for holding the Meeting or any adjourned meeting thereof (as the case may be) at which the person named in the instrument proposes to vote and, in default, the instrument of proxy shall not be treated as valid.
6. For determining the entitlement to attend and vote at the Meeting, the Register of Members will be closed from Thursday, 8 September 2022 to Wednesday, 14 September 2022 (both dates inclusive), during which period no transfer of Shares will be effected. In order to qualify to attend and vote at the Meeting, all transfers forms of the Shares accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Wednesday, 7 September 2022, for registration.
7. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.
8. All resolution(s) set out in this notice will be taken by poll at the Meeting.

*As at the date of this notice, the Board comprises Mr. Lai Law Kau, Ms. Lui Yuk Chu and Mr. Kwong Jimmy Cheung Tim as executive Directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive Directors.*

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