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## **EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 616)**

### **ANNOUNCEMENT**

## **VERY SUBSTANTIAL ACQUISITION, CONNECTED TRANSACTION AND ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE**

### **INTRODUCTION**

On 10 October 2025 (after trading hours), Easyknit Properties, a direct wholly-owned subsidiary of Easyknit, entered into the Sale and Purchase Agreement with the Company, pursuant to which amongst other things, Easyknit Properties (as the seller) conditionally agreed to sell, and the Company (as the buyer) conditionally agreed to acquire, the entire issued share capital of Mark Profit (an indirect wholly-owned subsidiary of Easyknit) at a consideration less a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK\$295.5 million outstanding as at the Completion Date on a dollar-for-dollar basis.

## **THE SALE AND PURCHASE AGREEMENT**

### **Asset to be acquired of**

The material asset of Mark Profit is the Property, which is Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, Shop 1 on the First Floor and Shop 1 on the Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon. The saleable area of the Property is 13,544 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK\$46.3 million as at 31 March 2025. The 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion.

### **Purchase Price and settlement arrangement**

As at the date of this announcement, the Purchase Price is expected to be approximately HK\$268.4 million which shall be paid by the Company to Easyknit Properties by issuing 2025 Convertible Note to Easyknit Properties or its nominee on the Completion Date.

## **LISTING RULES IMPLICATIONS**

As one or more of the percentage ratios applicable to the purchase of the Sale Company exceeds 100%, that purchase is a very substantial acquisition for the Company and the Sale and Purchase Agreement is subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Goodco holds an amount of HK\$46,375,000 of the 2023 Convertible Note. In the event that it is fully converted into conversion Shares, Easyknit Group and its associates will control the voting rights of 36.97% of the Shares as disclosed in the paragraph headed "SHAREHOLDING STRUCTURE" of this announcement. As such, Easyknit is a connected person of the Company and the purchase of the Sale Company is a connected transaction for the Company, and hence the Sale and Purchase Agreement is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **CIRCULAR**

A circular of the Company containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) financial information on the Post-Transaction Group; (iii) an independent property valuation report on the Property; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of recommendation to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser; (vi) a notice convening the SGM; and (vii) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 November 2025. That date is more than fifteen Business Days after the publication of this announcement and the delay in despatch is expected because of the time required to collate relevant information to be included in the circular.

## **WARNING**

**Completion of the Sale and Purchase Agreement is subject to the fulfillment of a number of conditions precedent, which among other things, include the approval of the Shareholders. Hence, the transactions contemplated under the Sale and Purchase Agreement may or may not proceed.**

**The Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.**

## **INTRODUCTION**

On 10 October 2025 (after trading hours), Easyknit Properties, a direct wholly-owned subsidiary of Easyknit, entered into the Sale and Purchase Agreement with the Company, pursuant to which amongst other things, Easyknit Properties (as the seller) conditionally agreed to sell, and the Company (as the buyer) conditionally agreed to acquire, the entire issued share capital of Mark Profit (an indirect wholly-owned subsidiary of Easyknit) at a consideration less a sum equal to the expected total net amount due from Mark Profit's ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK\$295.5 million outstanding as at the Completion Date on a dollar-for-dollar basis.

## **THE SALE AND PURCHASE AGREEMENT**

The Sale and Purchase Agreement is dated 10 October 2025 and made between Easyknit Properties (as the seller) and the Company (as the buyer). Pursuant to the Sale and Purchase Agreement, amongst other things, the Company conditionally agreed to purchase, and Easyknit Properties conditionally agreed to sell all the Sale Shares. On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit. Instead, it will be a direct wholly-owned subsidiary of the Company.

Key terms of the Sale and Purchase Agreement is summarized below.

**Asset to be acquired of**

**Sale Shares** : The entire issued share capital of Mark Profit.

The material asset of Mark Profit is the Property, which is Shops 1, 2, 3 on Ground Floor together with showcase on Ground Floor, Shop 1 on the First Floor and Shop 1 on the Second Floor of Fa Yuen Plaza, No. 19 Fa Yuen Street, Mong Kok, Kowloon. The saleable area of the Property is 13,544 sq. ft. Other assets of Mark Profit mainly include equity securities listed in Hong Kong which include 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) and 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (stock code: 2318) with a total fair value of approximately HK\$46.3 million as at 31 March 2025. The 42,308,000 shares of Best Food Holding Company Limited will be transferred to another wholly-owned subsidiary of Easyknit before the Completion (the “**Securities Transfer**”).

The Property is subject to a tenancy in favour of an Independent Third Party (the “**Tenant**”) as at the date of this announcement for a term expiring on 17 April 2028, at a monthly rent of HK\$925,000, exclusive of Government Rates, management fees and utility charges.

The Tenant is a long-established sports goods retail operator in Hong Kong, mainly engaged in the supply and retail of sports shoes, apparel, rackets and sports accessories, which has more than fifty years of sports goods retail industry experience and has maintained long-term cooperative relationships with a number of well-known sports brands and suppliers in the world.

The net profit/(loss) (both before and after taxation and extraordinary items) attributable to Mark Profit for the two years ended 31 March 2025 prepared under HKFRS were as follows:

	<b>For the year ended 31 March</b>	
	<b>2024</b>	<b>2025</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(audited)</b>	<b>(audited)</b>
Net assets	750,767	<b>717,700</b>
Net profit/(loss) (before taxation)	(28,453)	<b>(41,452)</b>
Net profit/(loss) (after taxation)	(28,571)	<b>(33,067)</b>

The amount of administrative expenses allocated by Easyknit to Mark Profit for the year ended 31 March 2025 was approximately HK\$15.6 million which mainly represents staff costs. Such administrative expenses assigned by Easyknit to Mark Profit was not related to the operation of the Property and can be avoided after the Acquisition. Whether similar expense will be incurred after the Acquisition in the account of Mark Profit depends on how the Company allocates its expenses to its subsidiaries but such expense allocation has no effect on the total expense in the consolidated account of the Group. In addition, the loss arising from change in fair value of investment property and loss on change in fair value of financial assets held by Mark Profit amounted to approximately HK\$18.2 million for the year ended 31 March 2025.

The Property was developed by Easyknit Group, which has been held by Easyknit Group for more than twenty years. In addition to the Bank Loans owed by Mark Profit, since the Property is also pledged for another bank loan of approximately HK\$120 million by a fellow subsidiary of Mark Profit, the net asset value shown in the table above of approximately HK\$717.7 million as at 31 March 2025 will be reduced by such amount after novating the debt to Mark Profit (the “**Debt Novation**”) before the Completion Date.

## **Valuation**

The value of the Property under Mark Profit in the books of Easyknit as at 31 March 2025, the date of its latest audited account, was HK\$682 million.

According to the draft valuation prepared by Knight Frank Petty Limited, an Independent Third Party and a property valuer, as at 31 March 2025, the value of the Property was HK\$682 million. That valuation was determined on the basis of the “income approach”, an approach that provides an indication of value by capitalizing the amount of net income receivable under the current terms of tenancies. The property valuer was appointed by Easyknit for the preparation of its annual report for the year ended 31 March 2025 as the Property is owned by Easyknit. The rental income generated from the Property was approximately HK\$11.1 million for the two years ended 31 March 2025 respectively.

## Purchase Price

The Purchase Price for the sale and purchase of Sale Shares under the Sale and Purchase Agreement shall be apportioned as the consideration for the sale of Sale Shares which shall be the net asset value of Mark Profit as at the Completion Date after the (i) adjustments in relation to the Securities Transfer and Debt Novation; (ii) adjustment (if any) to the value of the Property based on the valuation report prepared by a property valuer who is an Independent Third Party; and (iii) adjustment (if any) to the value of the 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (the “**Sale Shares Consideration**”) minus a sum equal to the expected total net amount due from Mark Profit’s ultimate holding company and fellow subsidiaries to Mark Profit of approximately HK\$295.5 million outstanding as at the Completion Date on a dollar-for-dollar basis (such amount will be eliminated in the book of Mark Profit upon Completion). As at the date of this announcement, the Purchase Price is expected to be approximately HK\$268.4 million. Set out below is the reconciliation:

	<i>HK\$’ million</i>
Net asset value	717.7
Debt Novation	(120.0)
Securities Transfer ( <i>note</i> )	<u>(33.8)</u>
Consideration	<u>563.9</u>
Net amount due from Mark Profit’s ultimate holding company and fellow subsidiaries	<u>(295.5)</u>
Purchase Price	<u><u>268.4</u></u>

*Note:* The amount of Securities Transfer of approximately HK\$33.8 million represents the 42,308,000 shares of Best Food Holding Company Limited (stock code: 1488) at the bid price of HK\$0.80 as at 31 March 2025 in the book of Mark Profit.

Purchase Price was determined after arm’s length negotiations between Easyknit and the Company, taking into account their respective perceptions of the property market and valuation of Property. The Company does not expect there will be material difference between the net asset value of Mark Profit as at the Completion Date and that as at 31 March 2025.

## Mortgage

The Property is subject to mortgage(s) in favour of a bank, an Independent Third Party, to secure the Bank Loans. As at 31 March 2025, the total outstanding loan principal amount of the Bank Loans plus accrued interest owed by Mark Profit to the bank in relation to the Property was approximately HK\$302 million which will be aggregated with the aforesaid amount of approximately HK\$120 million after the Debt Novation and before the Completion Date. Arrangements will be made for the Bank Loans after Completion by using the new financing to be obtained by the Company. It is not uncommon to obtain bank loan to finance property acquisition and it is merely a mean of financing to minimize the amount of immediate cash outflows as a result of a property acquisition, and therefore the Company considers that the Bank Loans (together with the related interests) is not related to the determination of Sale Shares Consideration.

The existing key terms of the Bank Loans and the key terms of the new financing are set out below.

<b>Expected principal amount</b>	<b>Duration</b>	<b>Repayment terms</b>	<b>Interest rate</b>
HK\$162 million	new: 42 months  existing: 60 months (note: the loan agreement was signed in May 2024 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: 14 instalments on a quarterly basis  existing: 18 instalments on a quarterly basis (note: the loan agreement was signed in May 2024 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.55%  existing: HIBOR + 1.55%
HK\$52 million	new: subject to the bank's periodic review  existing: subject to the bank's periodic review	new: yearly basis in 17 years (subject to the bank's periodic review)  existing: yearly basis by the end of 30 September 2042 (subject to the bank's periodic review)(note: the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.0%  existing: HIBOR + 1.0%

<b>Expected principal amount</b>	<b>Duration</b>	<b>Repayment terms</b>	<b>Interest rate</b>
HK\$84 million	new: 6 years (subject to the bank's periodic review) existing: 20 years (subject to the bank's periodic review) (note: the loan agreement was signed in August 2011 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: 72 instalments on a monthly basis existing: 240 instalments on a monthly basis (note: the loan agreement was signed in August 2011 and the new arrangement is viewed as continuation of the loan but taken by the Group)	new: HIBOR + 1.0% existing: HIBOR + 1.0%
HK\$120 million	new: 57 months existing: not applicable	new: 19 instalments on a quarterly basis existing: the facility amount shall be reduced by HK\$8 million on 31 March 2025, HK\$14 million on 30 September 2025 and HK\$38 million on 30 September 2026 (the remaining amount was not specified and subject to review and overriding right of repayment on demand)	new: HIBOR + 1.8% existing: HIBOR + 1.0%



The Company is of the view that the terms of the new financing are not less favorable than the existing terms as shown above. Although the interest rate of the loan amount of HK\$120 million will be increased, such loan will not be subject to periodic review and the term of which is fixed at 57 months under the new financing arrangement. Previously, periodic review was usually performed at least once a year. Time and cost had to be spent by a fellow subsidiary of Mark Profit for handling the loan renewal including preparing legal documents, and providing background check report and due diligence information to the bank. Such process needed around two months to complete and the historical cost incurred was around HK\$200,000 for every renewal. The new financing arrangement, which is proposed by a bank as a result of the change of controlling shareholder of Mark Profit after the Acquisition, is considered a more convenient way to release the mortgage(s) securing the Bank Loans instead of obtaining cash from a new loan to repay the Bank Loans.

### **Completion**

On Completion, Mark Profit will no longer be an indirect wholly-owned subsidiary of Easyknit, instead it will become a direct wholly-owned subsidiary of the Company.

## **OTHER SALIENT TERMS OF THE SALE AND PURCHASE AGREEMENT**

### **Conditions Precedent**

Completion of the Sale and Purchase Agreement is conditional upon the fulfilment of the following conditions:

1. the Company having completed its due diligence review on Mark Profit and the Property and being satisfied with the results thereof and the Company having satisfied Mark Profit is in a position to prove and give title to the relevant Property in accordance with sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong) subject to certain agreed encumbrances (if any);

2. the Company having obtained the requisite approval from the Shareholders in a general meeting in relation to (i) the purchase of the Sale Shares; and (ii) the issue of the 2025 Convertible Note and issue and allotment of the Conversion Shares on conversion of the 2025 Convertible Note (if required) in the manner required under the Listing Rules;
3. Easyknit having obtained the requisite approval from the Easyknit Shareholders in a general meeting in relation to the sale of the Sale Shares in the manner required under the Listing Rules;
4. the Stock Exchange having granted to the Company a listing of, and permission to deal in, the Conversion Shares on the exercise of the conversion rights attached to the 2025 Convertible Note;
5. the consents and approvals (if any) required under security arrangements affecting Mark Profit in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained in form and substance reasonably satisfactory to the Company; and
6. a contractual commitment from bank(s) to provide new financing to release the mortgage(s) securing the Bank Loans in favour of the bank which provides the Bank Loans in form and substance satisfactory to the Company.

Conditions 2, 3, 4, 5 and 6 above cannot be waived. In the event condition 1 above is not fulfilled (or waived by the Company) on or before the Long Stop Date, the Company may elect to terminate the Sale and Purchase Agreement in which case, all rights, obligations and liabilities of the parties under the Sale and Purchase Agreement shall terminate and neither of the parties shall have any claim against the other in respect of the Sale and Purchase Agreement but without prejudice to the accrued rights and obligations of the parties before that termination.

If any of the Conditions Precedent has not been fulfilled or, where applicable, waived on or before the Long Stop Date, the Sale and Purchase Agreement will lapse and the parties thereto will be released from all obligations therein, save for liabilities for any antecedent breaches of the Sale and Purchase Agreement.

### **Purchase Price and settlement arrangement**

The Purchase Price shall be paid by the Company to Easyknit Properties by issuing 2025 Convertible Note to Easyknit Properties or its nominee on the Completion Date. As at the date of this announcement, the Purchase Price is expected to be approximately HK\$268.4 million.

## Miscellaneous

Under the Sale and Purchase Agreement, Easyknit Properties has agreed to give certain indemnities, including in respect of tax arising from the activities of Mark Profit prior to the completion of the Sale and Purchase Agreement which is not disclosed in the account of Mark Profit.

## 2025 CONVERTIBLE NOTE

The principal terms of the 2025 Convertible Note are summarized below:

<b>Issuer</b>	:	The Company
<b>Principal amount</b>	:	HK\$268,400,000 (expected as at the date of this announcement)
<b>Maturity date</b>	:	The fifth anniversary of the issue date, when the entire then-outstanding principal amount, together with all outstanding accrued interest, of the 2025 Convertible Note will become due and payable by the Company to the holder of the 2025 Convertible Note.
<b>Redemption price at maturity</b>	:	100% of the principal amount of the 2025 Convertible Note outstanding on the maturity date, together with all unpaid interest accrued on it.
<b>Redemption</b>	:	<p>Any amount of the 2025 Convertible Note which remains outstanding on the maturity date shall be redeemed in full.</p> <p>Any amount of the 2025 Convertible Note which is redeemed will be cancelled forthwith.</p>
<b>Early redemption</b>	:	Allowed at any time at election of the holder (with the approval of the Company) or the Company.
<b>Interest</b>	:	<p>The 2025 Convertible Note will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 5% per annum. Interest will be payable semi-yearly in arrears.</p> <p>The interest rate was determined by the parties after arm's length negotiations and with reference to (i) the prevailing market conditions; and (ii) the indicative costs of unsecured mid-term/long-term debt finance preliminarily quoted to the Company by its bank(s) upon enquiry.</p>

**Conversion rights** : The holder of the 2025 Convertible Note will have the right to convert the whole or part of the outstanding principal amount of the 2025 Convertible Note (in amounts of not less than an integral multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the 2025 Convertible Note is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the conversion period (as detailed below) at the conversion price of HK\$0.169 per Conversion Share (subject to adjustments).

The Company will not be obliged to issue any Conversion Shares if immediately following the conversion, (i) the Company will be unable to meet the minimum public float requirement under the Listing Rules; or (ii) there will be a change in control of the Company under the Takeovers Code.

**Conversion period** : The period from the date falling on the issue date up to and including the date falling on the seventh last Business Day prior to the maturity date.

**Conversion price** : Upon issue of the 2025 Convertible Note, the initial conversion price will be HK\$0.169 per Conversion Share (subject to adjustments) on the occurrence of the following:

- (i) If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation or subdivision, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such alteration by the fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after alteration; and

B is the nominal amount of one Share immediately before alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) (1) If and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalization of profits or reserves, other than Shares issued in lieu of the whole or any part of a cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received in cash (“**Scrip Dividend**”), the conversion price shall be adjusted in the case of an issue of Shares other than by way of Scrip Dividend by multiplying the conversion price in force immediately before such issue by the fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall be effective (if appropriate, retrospectively) from the commencement of the day following the record date for such issue.

- (2) in case of an issue of Shares by way of a Scrip Dividend the current market price of which Shares exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, by multiplying the conversion price in force immediately before the issue of such Shares by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount per Share of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the current market price of the number of Shares issued in respect of each existing Share in lieu of the whole, or the relevant part of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Script Dividend;

or by making such other adjustment as an approved merchant bank shall certify to the Company is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares.

- (iii) If and whenever the Company shall pay or make any Capital Distribution to the Shareholders (except where the conversion price falls to be adjusted under sub-paragraph (ii) above (or falls within sub-paragraph (ii) above but no adjustment falls to be made), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such Capital Distribution by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the dealing day last preceding the date on which the Capital Distribution is publicly announced; and

B is the fair market value on the date of such announcement, as determined by an approved merchant bank, of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made.

- (iv) If and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95 per cent. of the current market price per Share on the last trading day preceding the date of the announcement of the terms of the issue or grant, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at such current market price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).



- (v) If and whenever the Company shall issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights of any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares), the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last trading day preceding the date on which such issue or grant is publicly announced; and

B is the fair market value on the date of such announcement as determined in good faith by an approved merchant bank, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (vi) If and whenever the Company shall issue (otherwise than as mentioned in sub-paragraph (iv) above) wholly for cash any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or on the issue or grant of (otherwise than as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Shares in each case at a price per Share which is less than 95 per cent. of the current market price on the trading day last preceding the date of announcement of the terms of such issue, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such issue or grant by the fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for or purchase any Shares;

B is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such current market price per Share; and

C is the number of Share in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such Shares or, as the case maybe, the issue or grant of such options, warrants or other rights.

- (vii) Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph (vii), if and whenever the Company or any of its subsidiary (otherwise than as mentioned in sub-paragraphs (iv), (v) or (vi) above), or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiary) any other person shall issue wholly for cash any securities (other than the 2025 Convertible Note) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares (or grant any such rights in respect of any existing securities so issued) to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the current market price per Share on the trading day last preceding the date of announcement of the terms of issue of such securities, the conversion price shall be adjusted, by multiplying the conversion price in force immediately prior to such issue (or grant) by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue (or grant);

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or subscription for or exchange of or upon exercise of the right of subscription attached to such securities would purchase at such current market price per Share; and

C is the maximum number of Shares to be issued upon conversion into or subscription for exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue (or grant) of such securities.

- (viii) If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the current market price per Share on the trading day last preceding the date of announcement of the proposals for such modification, the conversion price shall be adjusted by multiplying the conversion price in force immediately prior to such modification by the fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued upon conversion or exchange or upon exercise of the right of subscription attached to the securities so modified would purchase at such current market price per Share or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) If and whenever the Company or any of its subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiary) any other person issues, sells or distributes any securities in connection with an offer by or on behalf of the Company or any of its subsidiary or such other person pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the conversion price falls to be adjusted under sub-paragraphs (iv) to (vii) above), the conversion price shall be adjusted by, multiplying the conversion price in force immediately prior to such issue by the fraction:

$$\frac{A - B}{A}$$

where:

A is the current market price of one Share on the last trading day preceding the date on which such issue is publicly announced; and

B is the fair market value on the date of such announcement, as determined in good faith by an approved merchant bank, of the portion of the relevant offer attributable to one Share.

Such adjustment shall become effective on the date of issue of such securities.

- (x) If the Company considers that it would be appropriate for an adjustment to be made to the conversion price as a result of one or more events or circumstances not referred to above, the Company shall request an approved merchant bank to determine what adjustment (if any) to the conversion price is fair and reasonable to take account thereof. Any adjustment under this provision is limited to downward adjustment. The Board considers that this is fair and reasonable and consistent with market norms and that holder of the 2025 Convertible Note generally would not agree to any upward adjustment, except on a consolidation, given that the matters that may give rise to adjustment are in the control of the Company.

If any adjustment event other than a sub-division occurs which leads the number of Conversion Shares issuable under the 2025 Convertible Note to exceed 1,588,165,680, then the holder of the 2025 Convertible Note shall be entitled to select to convert the 2025 Convertible Note into up to 1,588,165,680 Conversion Shares based on the adjusted conversion price and any outstanding remaining principal amount of the 2025 Convertible Note shall be redeemed by the Company on the maturity date in accordance with its terms.

<b>Ranking of the Conversion Shares</b>	:	The Conversion Shares, if and when allotted and issued, shall rank pari passu in all respects with all other Shares in issue as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on or after the date of the relevant conversion notice.
<b>Transferability</b>	:	No assignment or transfer (whether in whole or in part) of the 2025 Convertible Note except with prior written consent of the Company, provided that no such consent is required in respect of a transfer by a holder of the 2025 Convertible Note to (i) the holding company or (ii) the subsidiaries or affiliated companies of the holder of the 2025 Convertible Note or the fellow subsidiaries or fellow affiliated companies of the holder of the 2025 Convertible Note.

**Voting** : The holder of the 2025 Convertible Note will not be entitled to attend or vote at any meetings of the Company by reason only of being the holder of the 2025 Convertible Note.

**Others** : The conversion rights attaching to the 2025 Convertible Note shall not be exercisable if and to the extent that immediately after such exercise the number of Shares required to be held by the public as required by Rule 8.08 of the Listing Rules would be contravened.

The Company will not be obliged to issue any Conversion Shares if immediately following the conversion there will be a change in control of the Company under the Takeovers Code.

The initial conversion price of HK\$0.169 per Conversion Share (subject to adjustments) represents:

- (i) a premium of approximately 4.32% over the closing price of HK\$0.162 per Share as quoted on the Stock Exchange on 10 October 2025, being the date of Sale and Purchase Agreement;
- (ii) a discount of approximately 16.34% to the average closing price of approximately HK\$0.202 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of Sale and Purchase Agreement;
- (iii) a discount of approximately 15.50% to the average closing price of approximately HK\$0.200 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of Sale and Purchase Agreement;
- (iv) a discount of approximately 18.75% to the average closing price of approximately HK\$0.208 per Share as quoted on the Stock Exchange for the last thirty consecutive trading days up to and including the date of Sale and Purchase Agreement;
- (v) a premium of approximately 42.02% over the average closing price of approximately HK\$0.119 per Share as quoted on the Stock Exchange for the last ninety consecutive trading days up to and including the date of Sale and Purchase Agreement; and
- (vi) a discount of approximately 93.90% to the audited net asset value per Share of approximately HK\$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of Sale and Purchase Agreement.

In determining the conversion price, the Directors have reviewed the closing prices of the Shares during the period from 1 January 2025 and up to and including 6 October 2025 (the “**Period**”). The Directors consider that the Period could reflect the most recent trend of the prevailing market price of the Shares and the closing prices of the Shares fluctuated within the range from HK\$0.068 per Share to HK\$0.350 per Share.

The average closing price of the Shares was approximately HK\$0.110 during the Period. The conversion price of HK\$0.169 represents a premium of approximately 53.64% over the average closing price of the Shares during the Period. It is noted that since 2 January 2025 (the first trading day of the Period), the closing price of the Shares continued to fluctuate upward to the closing price of HK\$0.167 per Share on 19 February 2025 and then continued to fluctuate downward to the lowest closing price of HK\$0.068 per Share on 3 July 2025 during the Period, representing a decrease of around 59.3%. The conversion price of HK\$0.169 per Conversion Share represents a premium of around 148.53% over the aforesaid lowest closing price in the Period.

After 3 July 2025, the closing price of the Shares fluctuated within a range from the aforesaid lowest closing price of HK\$0.068 to HK\$0.076 on 25 August 2025, and then it increased sharply to HK\$0.350 per Share (which is the highest closing price of the Shares during the Period) on 4 September 2025 within eight trading days. After the sudden increase, the closing price of the Shares decreased significantly by around 41.14% to HK\$0.192 on 18 September 2025 in ten trading days. The Directors considered that such sudden fluctuations in the closing price of the Shares within eighteen trading days from 26 August 2025 to 18 September 2025 should not be considered on a standalone basis for determining the conversion price because they are likely random and temporary, and therefore a longer period of observation is more reasonable. As set out above, the conversion price of HK\$0.169 per Conversion Share represents (i) a premium of approximately 42.02% over the average closing price of approximately HK\$0.119 per Share for the last ninety consecutive trading days up to and including the date of Sale and Purchase Agreement; and (ii) a premium of approximately 53.64% to the average closing price of HK\$0.110 of the Shares during the Period, which are higher than the respective premiums of the selected transactions explained below.

The Directors also noticed that, during the Period, the Shares have been being traded constantly at discounts to the then net asset value per Share. The discounts to the then net asset value per Share ranged from approximately 87.39% to 99.00%, with an average of approximately 96.30%. With respect to the conversion price, the discount of approximately 93.90% to the audited net asset value per Share of approximately HK\$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of Sale and Purchase Agreement is therefore slightly greater than the average and within the range of the discounts of the net asset value per Share during the Period.



In assessing the fairness and reasonableness of the discount of approximately 93.90% to the audited net asset value per Share of approximately HK\$2.77 as at 31 March 2025 based on the conversion price, apart from the historical Share performance, the Directors have also reviewed the historical trading volume of the Shares. During the Period, the percentage of average daily trading volume to total number of Shares issued ranged from approximately 0.0% to 15.03%, with an average of approximately 0.76%. The average daily trading volume of the Share is considered to be relatively thin.

Having considered that the Shares were traded at the discount of approximately 93.90% to the audited net asset value per Share of HK\$2.77 as at 31 March 2025 based on the 1,014,444,348 Shares in issue as at the date of the Sale and Purchase Agreement, the Directors are of the view that the prevailing market price is a more relevant factor in determining the fairness and reasonableness of the conversion price. Discount of conversion price to net asset value per Share should be taken as a reference only and the current market price of the Shares directly reflects the value of the Shares that is generally perceived by the market. In the stock market, the trading price is derived from the supply and demand which reflects the fair value and acceptable trading prices in the market. Given that the Shares were traded at a deep discount to the net asset value per Share throughout the Period, and the market price of the Shares has already reflected the expectation of the investors in respect of the Company (such as its financial results, and business development and decisions) and the recent market sentiment, the Directors are of the view that it is reasonable to make reference to the prevailing market price of the Shares, rather than the net asset value per Share in determining the conversion price.

Set out below is the price-to-book ratios of other companies listed on the Stock Exchange on a best effort basis based on the selection criteria with reference to their principal businesses engaged in property development in Hong Kong and relatively small market capitalization.

<b>Stock code</b>	<b>Name of listed company</b>	<b>Principal business</b>	<b>Price-to-book Ratio (note 1) (approximately)</b>	<b>Market Capitalization (note 2) HK\$'million (approximately)</b>
616	the Company	property development, property investment, investment in securities and others, and loan financing	0.08	229.3
1243	Wang On Properties Limited	property development, property investment and asset management	0.17	577.6
199	ITC Properties Group Limited	property development and investment, hotel investment and management and leisure business, securities investments and loan financing	0.14	299.4
1560	Star Group Asia Limited	property development and investment	0.12	91.1
3688	Top Spring International Holdings Limited	property development, investment and management, and hotel operations	0.10	543.9

*Notes:*

1. The price-to-book ratio is calculated by dividing the market price per share as at 6 October 2025 (being the last trading day of the Period) by the net asset value (as extracted from the latest published annual or interim report of the respective listed company) per share as at the relevant period end date.
2. The market capitalization is calculated by multiplying the closing market price per share by the number of issued shares of the respective listed company as at 6 October 2025 (being the last trading day of the Period).

The Directors have made references to the price-to-book ratios of other companies listed on the Stock Exchange based on the selection criteria of their principal businesses engaged in property development and relatively small market capitalization (less than HK\$600 million), and the Directors noted that the price-to-book ratio of the Company of 0.08 is not within the range of the comparables which ranged from 0.10 to 0.17.

The Directors consider that the price-to-book ratio should be taken as additional reference only and the prevailing market price is a more relevant factor in determining the fairness and reasonableness of the conversion price (subject to adjustments), and the current market price of the Shares directly reflects the value of the Shares that is generally perceived by the market having taken into account all business segments of the Group as well as the prevailing market conditions. The Directors therefore consider the initial conversion price (subject to adjustments) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors have also considered alternative financing methods, including equity fund raising methods by way of a rights issue or an open offer to finance the Acquisition. With respect to equity fund raising methods by way of a rights issue or an open offer, the Directors are of the view that though it would not immediately dilute the interests of the Shareholders if all the Shareholders take up the offer, yet it is considered to be relatively costly as the Company will have to engage professional parties which would incur additional professional fees and administrative costs of an estimate of approximately HK\$1.0 million. Furthermore, in view of the comparatively thin trading volume of the Shares, it would be difficult for the Company to pursue equity financing in the capital market without providing considerable discount to the prevailing market price of the Shares so as to attract potential investors and/or existing Shareholders, whereas having more dilution impact to the Shareholders as compared to the issue of the 2025 Convertible Note which will not cause any dilution unless and until it is converted to Conversion Shares.

In addition, a rights issue or an open offer of new Shares is subject to underwriting uncertainty and/or market risks whilst any arm's length underwriting arrangement is normally subject to standard force majeure clauses in favor of the underwriter and may generally incur higher transaction costs (i.e. underwriting commission and other related fees).

As regard asset realization, the Directors consider that such a step may have to go through a lengthy process and the timing of which may not match with that required for financing the Acquisition which was planned to be completed in November 2025. Besides, the disposal of the assets may not be favorable and justified in the very short term given the current market conditions although offering the completed projects for sale whether by en bloc or strata sale anytime is always a key option taken by the Group when opportunities arise and as long as there is favorable offer.

The Directors also consider that the ability to obtain further bank borrowing depends on the profitability and financial positions of Group as well as the prevailing market condition, and may be subject to lengthy due diligence procedures and internal risk assessment by and negotiations with banks. Moreover, the new financing for the Bank Loans of HK\$418 million is related to the Property, representing over 60% of the expected sale value of the Property and hence the Company is unable to obtain further financing from any bank to finance the Acquisition. As a result, the Purchase Price has to be supported by the proposed issue of 2025 Convertible Note although the expected effective interest rate to be quoted from the potential bank(s) in Hong Kong for a five-year bank loan is around 4.7% to 5.0%. The Directors are of the view that the settlement of consideration for the Acquisition by issuing the 2025 Convertible Note is a more viable option to the Company.

Assuming that the Conversion Rights are exercised in full based on the principal amount of HK\$268,400,000 at the initial conversion price of HK\$0.169 per Conversion Share (subject to adjustment), a total of 1,588,165,680 Conversion Shares will be allotted and issued, representing approximately 156.6% of the issued share capital of the Company at the date of this announcement and approximately 61.0% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares and assuming that save for the issue of Conversion Shares, there will be no change to the issued share capital of the Company from the date of this announcement up to and including the date of issue of such Conversion Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for the listing of the 2025 Convertible Note on the Stock Exchange or any other stock exchange and no application will be made for the listing of the Conversion Shares on any other stock exchange.

## SHAREHOLDING STRUCTURE

A total of 1,588,165,680 Conversion Shares will be allotted and issued upon full conversion of the 2025 Convertible Note based on the principal amount of HK\$268,400,000 at the initial conversion price of HK\$0.169 per Conversion Share (subject to adjustments). The table below sets out the current shareholding structure of the Company and the structure as it will be on the assumptions that there is no change in the number of Shares in issue and the conversion rights attached to the 2025 Convertible Note have been fully exercised.

Shareholders	As at the date of this announcement		Immediately upon the full exercise of the 2023 Convertible Note alone		Immediately upon the full exercise of the 2025 Convertible Note alone		Immediately upon the full exercise of the 2023 Convertible Note and 2025 Convertible Note	
	Number of	Approximate	Number of	Approximate	Number of	Approximate	Number of	Approximate
	Shares	%	Shares	%	Shares	%	Shares	%
Easyknit Group and its associates	82,286,811	8.11	744,786,811	36.97	1,670,452,491	64.18	2,332,952,491	64.76
<b>Substantial Shareholders</b>								
Chu Nin Yiu, Stephen	111,325,339	10.97	111,325,339	5.52	111,325,339	4.28	111,325,339	3.09
Hu Rong	101,386,000	10.00	101,386,000	5.03	101,386,000	3.90	101,386,000	2.81
Feng Shihua	0	0	175,000,000	8.69	0	0	175,000,000	4.86
Wu Mengmeng	0	0	162,500,000	8.07	0	0	162,500,000	4.51
<b>Other public Shareholders</b>								
	719,446,198	70.92	719,446,198	35.72	719,446,198	27.64	719,446,198	19.97
<b>Total</b>	<b><u>1,014,444,348</u></b>	<b><u>100.00</u></b>	<b><u>2,014,444,348</u></b>	<b><u>100.00</u></b>	<b><u>2,602,610,028</u></b>	<b><u>100.00</u></b>	<b><u>3,602,610,028</u></b>	<b><u>100.00</u></b>

In the event that Easyknit Group becomes obliged to make a general offer to the Shareholders in compliance with Rule 26 of the Takeovers Code as a result of a conversion of the outstanding principal amount of 2023 Convertible Note and/or 2025 Convertible Note, Easyknit Group will do so.

## INFORMATION ABOUT EASYKNIT GROUP

The Easyknit Group is principally engaged in property development, property investment, investment in securities and others and loan financing businesses which property development and property investment are the core businesses. The Easyknit Group's portfolio of investment properties comprised of residential, commercial and industrial units located in Hong Kong.

## **INFORMATION ABOUT THE GROUP**

The Group is principally engaged in property development, property investment (comprising ownership and rental of investment properties), investment in securities and others and loan financing business which property development and property investment are the core businesses.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE SALE AND PURCHASE AGREEMENT**

The Acquisition is part of the Company's core business of property investment and the Directors believe that the Acquisition will enhance its portfolio of real estate assets at a reasonable price in view of the current market conditions. The Group remains prudently optimistic about the prospects of the property and securities markets in Hong Kong. The Acquisition is in line with the Company's investment strategy and policy and it will continue to identify appropriate investment and divestment opportunities that fit its objective and investment criteria (which include focusing on value appreciation over a relatively long period for property investment and investing in listed companies with good financial and share price performance, and future prospect), and will continue to seek quality opportunities to replenish its investment portfolio as an ongoing business exercise.

The terms of the Sale and Purchase Agreement has been determined after arm's lengths negotiations between the parties thereto and the Directors are of the view that the Sale and Purchase Agreement is on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The intention of the Acquisition is to earn a return on the property investment through rental income on the existing tenancy of the Property upon expiry and/or for future sale of the Property. As at the date of this announcement, the Property is intended to be held for rental purpose and if opportunity arises when there is potential buyer(s) who proposes favorable offer(s) then future sale of the Property will be considered.

The Directors reviewed and assessed the potential cash flow impact of the Acquisition on the Group and the financial information of Mark Profit and they are of the view that the Acquisition is an opportunity to expand the portfolio of retail property assets without a material amount of immediate cash outflows through the issue of the 2025 Convertible Note, at a price that is reasonable. Although the historical cash outflows of Mark Profit related to the Property in total of approximately HK\$42.7 million per annum exceed the cash inflows of approximately HK\$11.1 million and will therefore reduce the cash resources of the Company, the Directors are of the view that the Group is able to finance the outflows for the foreseeable future having considered the sale of its completed property located at Causeway Bay (Project Matheson Street) which is expected to be completed in the last quarter of 2025 or in 2026 and other relevant factors that:

- (i) the current outstanding amount of bank loan related to Project Matheson Street is around HK\$449.2 million and the estimated net proceeds from the sale of Project Matheson Street at HK\$600 million is around HK\$150.8 million;

- (ii) the role of tenant of a property is passive in respect of the transfer of property ownership. As long as the property buyer is well-informed and it accepts to be the new lessor of the property with the existing agreed rental terms, the tenant has no right to object the transfer of property ownership. Therefore, the Company is able to dispose the whole block of Project Matheson Street;
- (iii) the Company received preliminary offers for the whole block of Project Matheson Street in the past few months and the proposed purchase price is approximately HK\$600 million according to the latest preliminary offer letter;
- (iv) the holder of 2023 Convertible Note may choose to exercise the attached conversion right on or before the maturity date as the conversion price was amended to HK\$0.07 per Share although the Group will have sufficient working capital for its present requirements for the twelve months period from October 2025 to September 2026;
- (v) although the secured bank loan under current liabilities of the Group amounted to approximately HK\$1,575 million as at 31 March 2025, (a) the current assets of the Group amounted to approximately HK\$3,767 million as at 31 March 2025; and (b) the Group's gearing ratio as at 31 March 2025, which is calculated as a ratio of total bank borrowings to Shareholders' equity, was approximately 0.7 which is equivalent to 0.7 as at 31 March 2024;
- (vi) assuming the value of the Property of HK\$693 million and the amount of bank loan of HK\$418 million to be taken up by the Group in relation to the Property will remain unchanged, the net proceeds (without considering the relevant transaction and tax expenses) that can be generated at the time of maturity of 2025 Convertible Note in 2030 will be around HK\$275 million by disposing the Property which is sufficient to cover the outstanding principal amount of 2025 Convertible Note of HK\$268.4 million; and
- (vii) proceeds will be generated from the sales of units of Project Kennedy Town (a commercial and/or residential mixed use development) with an attached construction loan of approximately HK\$733.7 million and the occupation permit of which is expected to be received by the end of 2025, and the sales of around 60% of this project are expected to generate net proceeds of approximately HK\$242.6 million (after considering the commission and marketing costs of approximately HK\$45.4 million and the repayment of related loan of approximately HK\$432.0 million) during the period from January to September 2026 according to the Company's latest marketing plan by reference to the sales progress of two single-block buildings located in the western district of Hong Kong Island, namely THE HIGHLINE and DES VOEUX W RESIDENCE of other property developers, with an estimated average price per square foot comparable to the average selling price per square foot of the recent transactions of newly developed residential projects of other property developers in the same district or other districts nearby.



As described above, there is a degree of flexibility for the Company to decide to settle the new financing for the Bank Loans and 2025 Convertible Note by disposing the Property (as a contingency plan) if it prefers to reduce its cash outflows in relation to its interest expense in the future. According to the latest draft valuation report prepared by an Independent Third Party based on market approach, the expected sale value of the Property is HK\$693 million (representing an increase of HK\$11 million or 1.6% as compared to the estimated sale value of HK\$682 million as at 31 March 2025) which exceeds the aggregate amount of the Bank Loans and the principal amount of 2025 Convertible Note of HK\$673.9 million. The Company also believes that it will be able to enhance cash inflows and enjoy capital gains over the longer term in the event that it will not have the need to generate proceeds by disposing the Property (especially if the holder of 2025 Convertible Note decides to exercise all or some of the conversion rights), so that the Property can be held for a longer term to realise a greater capital gain. In addition, the historical value of the Property in 2020 was approximately HK\$727 million according to the information received by the Company, which is around 5% higher than the recent expected sale value of the Property of HK\$693 million, implying a growth potential as the Company considers the recent retail property market is at the bottom of the cycle. The Company is of the opinion that, taking into consideration the Group's present financial resources, the net proceeds to be received from the possible sales of Project Matheson Street and Project Kennedy Town units and the cash outflows to be caused by the Acquisition (such as the repayments and interest payments of the Bank Loans under new financing, and interest payments for the 2025 Convertible Note) as well as ordinary operation expenses and other loan repayments not related to the Acquisition, the Group will have sufficient working capital for its present requirements for the twelve months period from October 2025 to September 2026.

While the retail sector in Hong Kong is facing a slower-than-expected recovery due to the persistent economic challenges affecting overall consumer spending, the Directors believe that the retail sector in Hong Kong is on the track of recovery despite the fact that some discretionary categories, such as jewelry and other retailers in the luxury retail segment, struggled amidst the tough economic landscape in 2024. It is noted that the sales of medicines and cosmetics showed resilience with a 5.1% increase for the first eleven months of 2024 as compared to the same period in 2023, reflecting the changing consumer spending patterns.

Though the luxury retailers remain cautious about expansion, opportunities for other service providers to establish street-level visibility has been increasing. For instance, a Singapore-based online securities trading platform, Longbridge, opened its flagship store in Tsim Sha Tsui in 2024 with a store area of around 8,500 sq. ft. It is also observed that the PRC brands, such as Luckin Coffee which has opened sixteen stores in Hong Kong since late 2024, are trying to increase their presence in Hong Kong with an aim to prepare for overseas expansion by making use of the international status of Hong Kong and they are expected to continue their interest to expand to Hong Kong.



Moreover, as a result of the reinstatement of the multiple-entry scheme for Shenzhen residents and the scheduling of world-class mega-events, the number of visitor arrivals to Hong Kong in 2024 reached approximately 45 million. With the aid of the Hong Kong government, such as organizing a series of international conventions and exhibitions, the Directors believe that some of the retail segments in Hong Kong will progressively recover and the retail property leasing transactions are expected to gradually increase, which will in turn increase the rental rates and values of the retail properties which are located in the prime areas in the long term (at least five years from now). The Directors also consider that the wide-ranging stimulus measures intended to stimulate consumption and revive capital markets by the PRC government will boost the purchasing power of Chinese consumers, including the visitors to Hong Kong.

While strengthening the financial position of the Group is one of the key objectives, replenishing its property portfolio via acquisition of quality real estate assets and capturing opportunities to realize capital gain in the long term is also important.

The Company believes that the Hong Kong retail property market is experiencing a period of adjustment with a mix of challenges and opportunities. While it is observed that high street and shopping center vacancy rates have slightly increased in general, leasing activity in core areas, particularly for some business segments, is comparatively robust. Rents are generally under pressure but some prime areas are seeing very mild rental growth due to increased occupancy. Although there was write-down on the Group's properties, the Company is of the view that the value of Property will not materially drop further and may even increase in the long term (at least five years from now) having considered (i) its observation and belief about the recent trends of the retail property market and economy of Hong Kong; and (ii) the quality of the Property.

The Property is located at Fa Yuen Plaza (a prime area in Mong Kok) which is within five minutes walking distance from the nearest exit of the MTR station in Mong Kok, with a quality tenant which is a long-established sports goods retail operator in Hong Kong. Therefore, the Company considers that the Acquisition is an opportunity to replenish its property portfolio. Since the Company is able to settle the Purchase Price by issuing 2025 Convertible Note, there will be no immediate cash outflows for the settlement. Although the Company has considered other quality retail properties in the market, potential seller usually prefers cash settlement which requires the Company to use alternative financing methods, including equity fund raising methods by way of a rights issue or an open offer to finance the acquisition.

The Company is of the view that the Property has its own characteristics that make it a unique property in the areas nearby and the most special is that the Property has three floors with a built-in elevator which can enhance accessibility for customers and staff, and improve operational efficiency by quickly transporting goods and people, and hence it is value adding to the Property by contributing good impression and comfortable environment to visitors as well as accessible amenity. The Company believes that there is no property available for sale nearby with the same prominent features as that of the Property in the market at the moment and it also considers that purchasing property at the trough of the property market cycle before the recovery phase could be advantageous because the price is comparatively low and hence the buyer may have a greater potential to be benefited from higher returns when the property market expands with price inflation. As long as the cash flow effect caused by the Acquisition is manageable and a contingency plan is in place, it is reasonable to invest in quality retail property at the moment.

It is also observed that the Hong Kong Monetary Authority (“**HKMA**”) has been coordinating with commercial banks on the financing needs of the small and medium-sized enterprises (“**SMEs**”), including those in retail sector, with an aim to offer credit relief to help SMEs overcome challenges in the current business environment while also helping SMEs upgrade and transform. According to HKMA, over 52,000 SME cases have benefited from the measures, involving an aggregate credit limit of over HK\$130 billion following the announcement of three rounds of SME support measures since March 2024. Moreover, the 18 banks participating in SME lending, established jointly by the HKMA and the Hong Kong Association of Banks in August 2024, have set aside more than HK\$390 billion for loans to SMEs. The Company believes that the aforesaid funds together with various measures implemented by the Hong Kong government to support the economy will allow SMEs (including those retail sector players) to access necessary financing for coping with the evolving business environment which would in turn increase the demand for renting retail properties in Hong Kong, especially those located in the prime areas. It is also noted that the Hong Kong economy expanded solidly in the first quarter of 2025, mainly supported by visible increases in exports of goods and services, as well as the resumption of moderate growth in overall investment expenditure. Real GDP increased by 3.1% on a year-to-year basis in the first quarter of 2025, picking up from the 2.5% growth in the preceding quarter.

The inclusion of the 268,000 shares of Ping An Insurance (Group) Company of China, Ltd. (the “**Ping An Share(s)**”) in the Acquisition is requested by the bank to facilitate the assessment, including financial ratio analysis, for the new financing arrangement. From the view of the Company, as long as the Ping An Shares will be taken up at market price and the purchase of Ping An Shares aligns with its investment purpose and objectives, it is fair and reasonable to do so because (i) Ping An Insurance (Group) Company of China, Ltd. is a sizeable and reputable company in the market and its shares have relatively high liquidity which can be quickly and easily sold at a stable price in return for cash in the stock market; and (ii) taking up the Ping An Shares by issuing the 2025 Convertible Note to settle the Purchase Price will not cause immediate cash outflows to the Group although there is an interest rate of 5% per annum for the 2025 Convertible Note.

The Company holds positive views towards the financial performance and future prospect of Ping An Insurance (Group) Company of China, Ltd. and it intends to hold the Ping An Shares after the Acquisition for at least around three to twelve months to capture potential capital gain having consider the recent closing prices of Ping An Shares and the relevant information disclosed in its latest annual report for the year ended 31 December 2024 and interim report for the six months ended 30 June 2025.

The Company reviewed the closing prices of the Ping An Shares during the period from 31 March 2025 and up to and including 29 September 2025. The closing prices of Ping An Shares fluctuated within the range from HK\$40.80 to HK\$58.65 per Ping An Share during the review period. It is noted that since 7 April 2025, the closing price of Ping An Shares continued to fluctuate upward from the lowest of HK\$40.80 to the highest of HK\$58.65 on 25 August 2025 and then fluctuated downward to HK\$53.50 on 29 September 2025 being the last day of the review period. It is considered that the closing prices of Ping An Shares show a general upward sloping trend over the past six months and the closing price of HK\$53.5 as at the last day of the review period represents a significant increase of approximately 31.1% as compared to the aforesaid lowest closing price of HK\$40.80.

According to the published financial information of Ping An Insurance (Group) Company of China, Ltd., its net profit after tax for the year ended 31 December 2024 amounted to approximately RMB146,733 million which represents an increase of approximately 34.3% on a year-to-year basis and its unaudited net asset value as at 30 June 2025 was around RMB1,343,100 million.

Having considered the above factors and the consideration of other financing methods, the Directors are of the view that the Acquisition and the proposed issue of 2025 Convertible Note are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS**

<b>Date</b>	<b>Equity fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of net proceeds</b>	<b>Actual use of net proceeds</b>
15 October 2024 and 3 February 2025 (announcements), 29 November 2024 (circular) and 8 January 2025 (prospectus)	Rights issue on the basis of two rights shares for every one existing share	HK\$61.2 million	For repayment of the Group's bank loan(s) and working capital	The net proceeds has been fully utilized as intended as at the date of this announcement

Save as disclosed above, the Company has not conducted any fund-raising activities in the twelve months immediately before the date of this announcement.

## **PUBLIC FLOAT**

The 2025 Convertible Note will impose restrictions on conversions to the extent that the conversion would lead to the Company breaching the public float requirement under the Listing Rules.

At the date of this announcement, Easyknit and certain of its subsidiaries hold in aggregate approximately 8.11% of the Shares.

Upon full conversion of the 2025 Convertible Note at the initial conversion price of HK\$0.169 per Conversion Share (subject to adjustment), a total of 1,588,165,680 Conversion Shares would be issued, representing approximately 61.0% of the issued share capital of the Company as enlarged by that issue and assuming no other change in the number of issued Shares.

The table show in the section headed “SHAREHOLDING STRUCTURE” of this announcement illustrates the existing shareholdings of Easyknit and certain of its subsidiaries in the Company and the effect on their shareholdings in the Company assuming full exercise at the initial conversion price of HK\$0.169 of conversion rights under the 2025 Convertible Note.

The Company is mindful of the public float requirement under the Listing Rules and the requirements of the Takeovers Code, and will comply with the relevant Listing Rules and the Takeovers Code, if and when necessary.

## **LISTING RULES IMPLICATIONS**

### **Chapter 14**

As one or more of the percentage ratios applicable to the purchase of the Sale Company exceeds 100%, that purchase is a very substantial acquisition for the Company and the Sale and Purchase Agreement is subject to the reporting, announcement and the Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note. To the best knowledge, information and believe of the Directors and having made reasonable enquiries, save for Easyknit Group and its associates, no other Shareholder is involved in or interested in (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note which requires him/her/it to abstain from voting on the respective proposed resolution(s) at the SGM.

The Easyknit Group and its associates (which together controlled or were entitled to exercise control over voting rights of 8.11% of the Shares at the date of this announcement) will abstain from voting, at the SGM on the resolutions approving (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note.

## **Chapter 14A**

As at the date of this announcement, Goodco holds an amount of HK\$46,375,000 of the 2023 Convertible Note. In the event that it is fully converted into conversion Shares, Easyknit Group and its associates will control the voting rights of 36.97% of the Shares as disclosed in the paragraph headed “SHAREHOLDING STRUCTURE” of this announcement. As such, Easyknit is a connected person of the Company and the purchase of the Sale Company is a connected transaction for the Company, and hence the Sale and Purchase Agreement is subject to the reporting, announcement and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **SPECIFIC MANDATE**

The Conversion Shares will be allotted and issued under a mandate proposed to be granted to the Directors by a resolution passed at the SGM on which only the Independent Shareholders are entitled to vote.

## **CIRCULAR**

A circular of the Company containing, among other things, (i) further details of the Sale and Purchase Agreement; (ii) financial information on the Post-Transaction Group; (iii) an independent property valuation report on the Property; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of recommendation to the Independent Board Committee and the Independent Shareholders from the Independent Financial Adviser; (vi) a notice convening the SGM; and (vii) other information required under the Listing Rules, is expected to be despatched to the Shareholders on or before 7 November 2025. That date is more than fifteen Business Days after the publication of this announcement and the delay in despatch is expected because of the time required to collate relevant information to be included in the circular.

## **WARNING**

**Completion of the Sale and Purchase Agreement is subject to the fulfilment of a number of conditions precedent, which among other things, include the approval of the Shareholders. Hence, the transactions contemplated under the Sale and Purchase Agreement may or may not proceed.**

**The Shareholders and potential investors of the Company should exercise caution when dealing in or investing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the meanings set opposite then:

“2023 Convertible Note”	the 5% per annum coupon rate convertible note issued to Goodco by the Company in the original principal amount of HK\$209,000,000 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into Shares on the basis of a conversion price (subject to adjustments). Details of which were set out in the joint circular of Easyknit and the Company dated 21 January 2023, the circular of the Company dated 6 March 2024, the announcements of the Company dated 17 April 2024, 3 February 2025, and the joint announcement of Easyknit and the Company dated 4 June 2025
“2025 Convertible Note”	the 5% per annum coupon rate convertible note proposed to be issued by the Company for settling the Purchase Price in the principal amount of HK\$268,400,000 conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into Shares on the basis of an initial conversion price of HK\$0.169 per Conversion Share (subject to adjustments), pursuant to the terms and conditions of the 2025 Convertible Note
“Acquisition”	the acquisition by the Company of the Sale Shares at Completion
“affiliated company”	the meaning ascribed to it in the Listing Rules
“associate(s)”	the meaning ascribed thereto in the Listing Rules

“Bank Loans”	the total outstanding principal amounts together with interest accrued owing to a bank by Mark Profit, being approximately HK\$302 million in aggregate as at 31 March 2025, which will be aggregated with an amount of approximately HK\$120 million after the Debt Novation and before the Completion Date
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Capital Distribution”	(without prejudice to the generality of that phrase) includes distributions in cash or specie
“Company”	Eminence Enterprise Limited (高山企業有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“Completion”	completion of the sale and purchase of Sale Shares under the Sale and Purchase Agreement
“Completion Date”	the date of Completion which will be ten Business Days after the fulfilment or waiver of the last of the Conditions Precedent, or such other date as the parties to the respective Sale and Purchase Agreement may agree in writing
“Conditions Precedent”	the conditions precedent for completion of the Sale and Purchase Agreement summarized in the sub-section headed “Conditions Precedent” in this announcement
“connected person”	the meaning ascribed thereto in the Listing Rules
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attached to the 2025 Convertible Note
“Director(s)”	the director(s) of the Company



“Easyknit”	Easyknit International Holdings Limited (永義國際集團有限公司), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange (Stock Code: 1218)
“Easyknit Group”	Easyknit and its subsidiaries
“Easyknit Properties”	Easyknit Properties Holdings Limited, a company incorporated under the laws of the BVI with limited liability and a direct wholly-owned subsidiary of Easyknit, being the seller under the Sale and Purchase Agreement
“Easyknit Shareholder(s)”	holder(s) of Easyknit Share(s)
“Easyknit Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Easyknit
“Goodco”	Goodco Development Limited (佳豪發展有限公司), a company incorporated in the BVI with limited liability, the holder of the 2023 Convertible Note, an indirect wholly-owned subsidiary of Easyknit and a Shareholder
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established for the purposes of advising the Independent Shareholders on the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares on the exercise of the conversion rights attached to the 2025 Convertible Note
“Independent Financial Adviser”	Ample Capital Limited, a corporation licensed under the Securities and Futures Ordinance to conduct Type 6 regulated activity as defined in that Ordinance, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of the Conversion Shares on the exercise of the conversion rights attached to the 2025 Convertible Note



“Independent Shareholder(s)”	the Shareholder(s), other than Easyknit Group and its associates
“Independent Third Party”	an entity that is independent of the Company and its connected persons
“Issue Date”	the date of issue of the 2025 Convertible Note, which will be the Completion Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2025 or such other date as the relevant parties may agree
“Mark Profit”	Mark Profit Development Limited (卓益發展有限公司), a company incorporated in Hong Kong with limited liability, and an indirect wholly-owned subsidiary of Easyknit
“Post-Transaction Group”	the Group immediately after Completion
“PRC”	The People’s Republic of China
“Property”	the commercial property held by Mark Profit described in this announcement
“Purchase Price”	the Sale Shares Consideration minus a sum equal to the expected total net amount due from Mark Profit’s ultimate holding company and fellow subsidiaries to Mark Profit outstanding as at the Completion Date on a dollar-for-dollar basis
“Sale and Purchase Agreement”	a conditional sale and purchase agreement dated 10 October 2025 between Easyknit Properties and the Company for, inter alia, the sale by Easyknit Properties and purchase by the Company of Sale Shares
“Sale Company”	Mark Profit
“Sale Shares”	the entire issued share capital of Mark Profit
“Sale Shares Consideration”	the amount payable by the Company for Sale Shares

“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving, inter alia, the Sale and Purchase Agreement and the transaction contemplated thereunder and the issue of the Conversion Shares on exercise of the conversion rights attached to the 2025 Convertible Note
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“substantial shareholder(s)”	the meaning ascribed to it in the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong, as amended from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.ft.”	square feet
“%”	per cent.

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

Hong Kong, 10 October 2025

*As at the date hereof, 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 announcement shall prevail over the Chinese version.*