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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in the Bermuda with limited liability)

(Stock code: 616)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY
ONE (1) EXISTING SHARE HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS; AND
NOTICE FOR CLOSURE OF REGISTER OF MEMBERS**

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$62.2 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 676,296,232 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.092 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 676,296,232 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 200.00% of the issued share capital of the Company as at the date of this announcement and will represent approximately 66.67% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

NON-UNDERWRITTEN BASIS

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, Goodco held outstanding 2023 Convertible Note which is convertible into 1,161,111,111 Shares at an adjusted current conversion price of HK\$0.18 per conversion Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Goodco has undertaken it will not exercise any conversion rights under the 2023 Convertible Note or transfer the 2023 Convertible Note before close of business on the Record Date.

QUALIFYING SHAREHOLDERS

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, make available the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder (i) must be registered as a member of the Company on the Record Date; and (ii) is not a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Wednesday, 4 December 2024.

The last day of dealings in the Shares on a cum-rights basis is Monday, 2 December 2024. The Shares will be dealt with on an ex-rights basis from Tuesday, 3 December 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 December 2024 to Wednesday, 11 December 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfers of Shares will be made during this period.

LISTING RULES IMPLICATIONS

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

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DESPATCH OF THE CIRCULAR

The Circular containing, among other things, further details of (i) the Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before Friday, 8 November 2024.

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$62.2 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 676,296,232 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.092 per Rights Share on the basis of two (2) Rights Shares for every one (1) existing Share held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Issue statistics

Basis of the Rights Issue	: Two (2) Rights Shares for every One (1) existing Share held by the Qualifying Shareholders on the Record Date
Subscription Price	: HK\$0.092 per Rights Share
Number of Shares in issue as at the date of this announcement	: 338,148,116 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	: 676,296,232 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	: Up to HK\$6,762,962 (assuming no change in the issued share capital of the Company on or before the Record Date other than the allotment and issue of the Rights Shares)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	: Up to 1,014,444,348 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) be allotted and issued on or before completion of the Rights Issue)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	: Up to approximately HK\$62.2 million (assuming no changes in the number of Shares in issue on or before the Record Date)
Right of excess applications	: Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

Save for the outstanding 2023 Convertible Note, as at the date of this announcement, the Company does not have any outstanding share options granted under any of its share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 676,296,232 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 200.00% of the issued share capital of the Company as at the date of this announcement and will represent approximately 66.67% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the Provisional Allotment Letter may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Basis of allotment

The basis of allotment will be two (2) Rights Shares for every one (1) existing Share held on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Tuesday, 31 December 2024.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.092 per Rights Share, payable in full when a Qualifying Shareholder accepts the allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 8.00% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 24.34% to the average closing price of approximately HK\$0.1216 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 25.99% to the average closing price of approximately HK\$0.1243 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 2.85% to the theoretical ex-rights price of HK\$0.0947 per Share after the Rights Issue, based on the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 98.98% to the audited net asset value per Share of the Group of approximately HK\$9.011 per Share, which is calculated by dividing the audited net asset value of the Group of approximately HK\$3,047 million as at 31 March 2024 as shown in the Company's annual report for the year ended 31 March 2024 by the number of Shares in issue as of the date of this announcement;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 21.30%, represented by the theoretical diluted price of approximately HK\$0.1064 per Share to the benchmarked price of approximately HK\$0.1352 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on 15 October 2024, being the date of this announcement of HK\$0.100 per Share and the average of the closing prices as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.1352 per Share); and

(vii) a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the Previous Placing represented by a discount of approximately 23.17%, represented by the cumulative theoretical diluted price of approximately HK\$0.1504 per Share to the theoretical benchmarked price of approximately HK\$0.1958 per Share in respect of the Previous Placing (as defined under Rule 7.27B of the Listing Rules).

The net price per Rights Share (after deducting the relevant estimated expenses) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.0905.

The Subscription Price was determined by Company, having considered various factors including (i) the existing financial condition and imminent funding requirements of the Group; (ii) the recent market price of the Shares under the prevailing market conditions; (iii) the recent volatility of the capital market in Hong Kong; (iv) the necessity to increase the attractiveness of the Rights Issue by offering Qualifying Shareholders the opportunity to participate in the Rights Issue at a considerable discount to the current market price of the Shares of the Company; and (v) the equal opportunity being offered to each of the Qualifying Shareholders for the subscription of the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

The Directors have reviewed the closing prices of the Shares during the six months period from 16 April 2024 and up to and including 15 October 2024, being the Last Trading Day (the “**Review Period**”), as a benchmark to reflect the prevailing market conditions and the recent trading performance of the Shares. From the commencement of the Review Period up to the end of the Review Period, the Shares were traded on the Stock Exchange with a closing price of HK\$0.201 to HK\$0.100 respectively, downed by approximately 50.25%. In addition, since 13 June 2024 (the date of the highest closing price of the Share of HK\$0.46 during the Review Period), the closing price of the Shares continued to fluctuate downward to HK\$0.100 at the end of the Review Period, representing a decrease of around 78.26%.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as stated in the sections headed “Reasons for the Rights Issue and Use of Proceeds” in this announcement, the Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

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

No Fractional entitlement to the Rights Issues

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for excess Rights Shares

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

The excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Tuesday, 31 December 2024.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to Rights Shares subscribed through applications by PAL(s) or the existing number of Shares held by Qualifying Shareholders. If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders under PAL(s) is greater than the aggregate number of excess Rights Shares applied for through EAF(s), the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAF(s). In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders on the Record Date. The Company will make available the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, make available the Prospectus (without the PAL or the EAF) to the Non-Qualifying Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder (i) must be registered as a member of the Company on the Record Date; and (ii) is not a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by 4:30 p.m. on Wednesday, 4 December 2024.

The last day of dealings in the Shares on a cum-rights basis is Monday, 2 December 2024. The Shares will be dealt with on an ex-rights basis from Tuesday, 3 December 2024.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under the name of the beneficial owner(s) prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company on the Record Date, they must lodge the relevant transfer documents (with the relevant share certificates) with the Registrar at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 4 December 2024.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be accordingly diluted.

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Non-Qualifying Shareholder(s). In such circumstances, the Company will make available the Prospectus and a letter, if any, explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only but will not send the PAL and/or EAF(s) to them. The results of the enquiries and basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue, will be set out in the Prospectus.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Non-Qualifying Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold nil-paid Rights Shares of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company will be closed from Thursday, 5 December 2024 to Wednesday, 11 December 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfers of Shares will be made during this period.

Conditions of the Rights Issue

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

- (i) the passing by the Independent Shareholders at the SGM of the relevant ordinary resolutions to approve the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules by no later than the Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors no later than the Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;

- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (v) compliance with and performance of undertakings and obligations of Goodco under the Irrevocable Undertaking in all material respects;
- (vi) there shall not have occurred and be continuing any of the following:
 - (a) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
 - (b) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or
 - (c) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
 - (d) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for conditions (v) and (vi) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Application for listing

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

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

The nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 5,000. Dealings in the Rights Shares in both nil-paid and fully-paid forms which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Irrevocable Undertaking

As at the date of this announcement, Goodco held outstanding 2023 Convertible Note which is convertible into 1,161,111,111 Shares at an adjusted current conversion price of HK\$0.18 per conversion Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Goodco has undertaken it will not exercise any conversion rights under the 2023 Convertible Note or transfer the 2023 Convertible Note before close of business on the Record Date.

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

EXPECTED TIMETABLE

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

Event	2024 (Hong Kong time)
Announcement date	Tuesday, 15 October
Date of despatch of the Circular	Friday, 8 November
Latest time for lodging share transfer documents to qualify for attendance and voting at the SGM	4:30 p.m. on Friday, 22 November
Closure of register of members for the SGM	From Monday, 25 November to Thursday, 28 November (both dates inclusive)
Latest date for lodging proxy forms for the SGM	9:00 a.m. on Tuesday, 26 November
Date and time of the SGM	9:00 a.m. on Thursday, 28 November
Release of the SGM results announcement	Thursday, 28 November
Register of members reopens	Friday, 29 November
Last day of dealings in Shares on a cum-rights basis	Monday, 2 December
First day of dealings in Shares on an ex-rights basis	Tuesday, 3 December
Latest time for the Shareholders to lodge transfers of Shares in order to qualify for the Rights Issue	4:30 p.m. on Wednesday, 4 December
Closure of register of members for the Rights Issue	From Thursday, 5 December to Wednesday, 11 December (both dates inclusive)
Record Date	Wednesday, 11 December
Register of members of re-opens	Thursday, 12 December

Despatch of Prospectus	Thursday, 12 December
First day of dealings in nil-paid Rights Shares	Monday, 16 December
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 18 December
Last day of dealings in nil-paid Rights Shares	Monday, 23 December
Latest time for the acceptance of, and payment for, the Rights Shares and the application for excess Rights Shares	4:00 p.m. on Tuesday, 31 December
	2025 (Hong Kong time)
Announcement of the results of the Rights Issue	Wednesday, 8 January
Refund cheques despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares	Thursday, 9 January
Certificates for fully-paid Rights Shares to be despatched	Thursday, 9 January
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 10 January

Dates specified in this announcement refer to Hong Kong local time and are indicative only. The Shareholders will be notified of any changes to the expected timetable as and when necessary.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares

The latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 31 December 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 31 December 2024. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Tuesday, 31 December 2024, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming Goodco will not exercise any conversion rights under the 2023 Convertible Note pursuant to the Irrevocable Undertaking and no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, for illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming (a) none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares; or (b) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full are expected to be as follows:

	As at the date of this announcement		Immediately upon the completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up their respective entitlements of the Rights Shares		Immediately upon the completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Public Shareholders	338,148,116	100.00%	338,148,116	100.00%	1,014,444,348	100.00%
Total	<u>338,148,116</u>	<u>100.00%</u>	<u>338,148,116</u>	<u>100.00%</u>	<u>1,014,444,348</u>	<u>100.00%</u>

Note: The 1,161,111,111 Shares underlying the 2023 Convertible Note have not been added to the total amount or percentage in the table above.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE NOTE

As at the date of this announcement, the Company has outstanding 2023 Convertible Note which is convertible into 1,161,111,111 Shares at an adjusted current conversion price of HK\$0.18 per conversion Share (subject to adjustments) pursuant to the terms and conditions of the 2023 Convertible Note. Under the relevant terms and conditions of the 2023 Convertible Note, the Rights Issue may lead to adjustment to the conversion price and the number of the Shares falling to be issued upon conversion of the 2023 Convertible Note.

The Company will make further announcement on such adjustment as and when appropriate. Save for the aforesaid, as at the date of this announcement, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into the Shares.

REASONS FOR THE RIGHTS ISSUE AND THE 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.

The refinancing of a HK\$464.2 million outstanding flipper term loan which relates to a commercial development in Matheson Street, Causeway Bay, Hong Kong has just been completed in September 2024. Partial repayment of HK\$15.0 million is expected to be made in February 2025.

It is also likely that other bank(s) may require partial settlement to the outstanding construction loan when being refinanced (which is similar to the aforesaid flipper term loan). The Group has indicated its intention to refinance to the bank(s) and is awaiting proposed terms from the bank(s). The expected amount of potential partial repayments in total (in addition to the aforesaid partial repayment of HK\$15.0 million) is around HK\$35.0 million.

The abovementioned partial repayment of HK\$15.0 million and other potential partial repayments to the outstanding loans when being refinanced is the major change in circumstance leading to the Rights Issue after publication of the circular in relation to the Previous Placing.

Partial repayment and other potential partial repayments are a condition proposed by a bank or financial institution in refinancing the loan for extended loan tenors and refreshed repayment terms. The loans may not be refinanced if the Group does not agree to such repayments and the Group will have to repay the loan in full or seek other banks to refinance such loan.

If the aforesaid HK\$15.0 million partial repayment and other potential partial repayments are financed out of internal available funds, the Group may not have sufficient funding to support its daily operations, principal and interest payments of loan, construction related costs as well as the partial repayments which may also be required for the other loans.

The Board has considered other fund-raising methods including debt financing and/or other equity financing options. However, the Board is of the view that obtaining further debt financing, such as bank borrowings from other banks, will depend on the prevailing market condition, and may be subject to lengthy due diligence and loan application processes. In addition, debt financing will impose additional interest burden on the Group which will, in turn, worsen the Group's financial performance and position.

In regard to a private placing of equity, the Directors are of the view that it would cause a material dilution effect to the shareholding of the existing Shareholders as it would involve the issue of a substantial amount of new Shares at a discount to external parties and the existing Shareholders would not have the opportunity to participate in the placing.

The Board also considers that the Rights Issue will allow the Group to strengthen its capital base without incurring interest costs and will give the Qualifying Shareholders the opportunity to further invest in the equity of the Company at a favourable discount while maintaining their respective pro-rata shareholding interests and voting rights in the Company. On top of that, the Rights Issue will materially improve the net asset value per share of the Company. Hence, the Board considers that fund raising of this scale through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

The Board has also considered various options to finance the proposed repayment of loan, including utilization of surplus funds, asset realization and demanding repayment of the Revolving Loan from Easyknit.

As at 31 August 2024, the Group had cash balance of approximately HK\$232.4 million, of which approximately HK\$77.2 million was considered unavailable amount retained in the PRC, leaving available amount to be approximately HK\$155.2 million. Apart from the partial repayment of HK\$15.0 million and other potential partial repayments mentioned above, the Company has to set aside funds to prepare for other partial repayments required, if any, to refinance other loans. Besides, sufficient funds should be retained to support the recurring operations of the Group and finance cost of the development projects.

As regard asset realization, the Group considers that such a step may have to go through a lengthy process, the timing of which may not match with that required for the loan repayment to banks. Besides, the disposal of the assets may not be favourable and justified given the current market conditions. 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 favourable offer. Before that happens, the Group will maximize its return by leasing out the properties for rental purpose.

Further, the outstanding Revolving Loan balance drawn by the Easyknit Group could only be demanded to be repaid at the maturity of any interest period. Loan balance granted to the Easyknit Group under the Revolving Loan Agreement was HK\$70.0 million as at 31 August 2024.

Having considered the above options, the Directors are of the view that the Rights Issue would be a more direct and effective way of raising funds for the Group to meet the forthcoming loan repayment needs.

Assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full, it is expected that the maximum gross and net proceeds (after deducting the relevant estimated costs and expenses of the Rights Issue) from the Rights Issue will be approximately HK\$62.2 million and HK\$61.2 million respectively. The Company intends to use the net proceeds of approximately HK\$61.2 million, of which approximately HK\$50.0 million for repayment of the Group's bank loan(s) and the remaining balance of approximately HK\$11.2 million for general working capital of the Group. In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro-rata basis as set out above.

The Board is of the view that the Right Issues will strengthen the financial position of the Company and provide funding to the Company to repay part of the outstanding bank loan(s) and lower the gearing ratio of the Group. For the avoidance of doubt, the Rights Issue was not contemplated at the time of publication of the circular in relation to the Previous Placing. After the completion of the Previous Placing, the Board has been continually monitoring the status of the use of proceeds from the Previous Placing. As at the date of this announcement, all of the net proceeds from the Previous Placing had already been utilized. Despite the close proximity of the Previous Placing and the Rights Issue, taking into account the factors mentioned above and the prompt utilization of the proceeds from the Previous Placing, the Company is of the view that it has imminent need to raise further proceeds through the Rights Issue.

FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

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

Date	Equity fund raising activity	Net proceeds raised	Proposed use of net proceeds	Actual use of net proceeds
23 January 2024 (announcement) and 29 February 2024 (circular)	Placing of new shares under specific mandate	HK\$41,700,000	For repayment of the Group's bank loan(s)	All proceeds were fully utilized as intended

Save as disclosed above, the Company has not conducted any other equity fund raising activity in the past twelve months immediately before the date of this announcement.

LISTING RULES IMPLICATIONS

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

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

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DESPATCH OF THE CIRCULAR

The Circular containing, among other things, further details of (i) the Rights Issue and transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue and transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and transactions contemplated thereunder; and (iv) a notice of the SGM, will be despatched to the Shareholders on or before Friday, 8 November 2024.

DEFINITIONS

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

“2023 Convertible Note”	the five (5)% per annum coupon rate convertible note issued to Goodco by the Company in the principal amount of HK\$209,000,000 conferring rights to convert at any time before the fifth (5th) anniversary of the issue thereof the principal amount into Shares on the basis of a revised conversion price at present HK\$0.18 per conversion share (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 and the announcement of the Company dated 17 April 2024
“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, Sunday and public holidays or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon) on which banks are open for business in Hong Kong
“BVI”	British Virgin Islands
“Circular”	the circular to be published by the Company containing, amongst other things, information about the Rights Issue and transactions contemplated thereunder, and notice of the SGM
“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)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Directors”	the directors of the Company

“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“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), and a Shareholder
“Easyknit Group”	Easyknit and its subsidiaries
“Group”	the Company and its subsidiaries
“Goodco”	Goodco Development Limited, 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising of Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly, being all the independent non-executive Directors, established for the purpose of, among other things, advising the Independent Shareholders in respect of the Rights Issue and transactions contemplated thereunder
“Independent Financial Adviser”	Ample Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders relating to the Rights Issue and transactions contemplated thereunder
“Independent Shareholders”	the Shareholders, other than those who are required under the Listing Rules to abstain from voting at the SGM
“Irrevocable Undertaking”	the irrevocable undertaking dated 15 October 2024 from Goodco to the Company
“Last Trading Day”	15 October 2024, being the last trading day for the Shares on the Stock Exchange (which is the date of this announcement)

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 31 December 2024 as the latest time and date for acceptance of, and payment of, Rights Shares
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) (if any) in respect of whom the Directors, based on legal opinions to be provided by legal advisers, consider it necessary or expedient not to offer the Rights Shares on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“Posting Date”	Thursday, 12 December 2024 as the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Previous Placing”	the offer by way of private placing of the placing shares by or on behalf of a placing agent to the placees, on a best effort basis, on the terms and subject to the conditions set out in the placing agreement dated 23 January 2024, details of which have been disclosed in the joint announcement and joint circular of Easyknit and the Company dated 23 January 2024 and 29 February 2024 respectively
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue

“Prospectus Documents”	the Prospectus, the PALs and the EAFs
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Wednesday, 11 December 2024 as the date by reference to which entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Secretaries Limited
“Revolving Loan”	the revolving loan facility of an amount not exceeding HK\$80,000,000 to be provided by the Group to the Easyknit Group pursuant to the Revolving Loan Agreement
“Revolving Loan Agreement”	the conditional revolving loan agreement dated 29 August 2023 in relation to the Revolving Loan
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarized herein
“Rights Share(s)”	676,296,232 Rights Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of two (2) Rights Shares for every one (1) existing Share held at the Record Date pursuant to the Rights Issue
“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 purpose of considering and, if thought fit, approving, the Rights Issue
“Shares”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“subsidiary”	a subsidiary for the purposes of the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 October 2024

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