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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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### **EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### **VERY SUBSTANTIAL ACQUISITION – PROPERTIES ON DAVIS STREET, KENNEDY TOWN AND NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the Board is set out on pages 5 to 12 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 9 a.m. on Monday, 23 September 2019 is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than forty-eight hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and, in such case, the form of proxy shall be deemed to be revoked.

6 September 2019

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Buyer of the Sale Shares of Company A and Company B and the Shareholder’s Loans subject to the terms and conditions of the Agreement for Sale and Purchase
“Agreement for Sale and Purchase”	a conditional sale and purchase agreement dated 9 July 2019 entered into between the Buyer and the Seller for the sale and purchase of the Sale Shares of Company A and Company B and the Shareholder’s Loans
“associate”	the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of Eminence
“Buyer”	Above Ace Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Combined Site”	subsections 1, 3, 8 and 9 of Section A of Marine Lot No. 245
“Company” or “Eminence”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“Company A”	Real Supreme Limited, a company incorporated in Anguilla with limited liability
“Company A Completion Date”	28 October 2019 or such other date as the parties may agree in writing, which is the completion date for the sale and purchase of Company A and its Shareholder’s Loan
“Company A Properties”	(1) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong (also known as subsection 9 of Section A of Marine Lot No. 245); and  (2) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong (also known as subsection 3 of Section A of Marine Lot No. 245)
“Company B”	Extra Glory Limited, a company incorporated in Anguilla with limited liability
“Company B Completion Date”	23 September 2019 or such other date as the parties may agree in writing, which is the completion date for the sale and purchase of Company B and its Shareholder’s Loan

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## DEFINITIONS

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“Company B Properties”	(1) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1D Davis Street, Kennedy Town, Hong Kong (also known as subsection 8 of Section A of Marine Lot No. 245); and  (2) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong (also known as subsection 1 of Section A of Marine Lot No. 245)
“Completion Dates”	(a) 28 October 2019 or such other date as the parties to the Agreement for Sale and Purchase may agree in writing for Company A;  (b) 23 September 2019 or such other date as the parties to the Agreement for Sale and Purchase may agree in writing for Company B
“Conditions Precedent”	the conditions precedent for completion of the Agreement for Sale and Purchase
“connected person”	the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$220,832,500 (subject to adjustment), for the purchase of the Sale Shares of Company A and Company B and the Shareholder’s Loans under the Agreement for Sale and Purchase
“Directors”	the directors of Eminence
“Easyknit”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 1218)
“Enlarged Group”	the Group immediately after completion of the Acquisition
“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of Easyknit, being a substantial shareholder (as defined in the Listing Rules) of the Company
“Group”	Eminence and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“Independent Third Party”	a third party independent of the Company and of its connected persons
“Jumbo”	Jumbo Rainbow Limited, a company incorporated in The British Virgin Islands with limited liability
“Jumbo Sale Share Agreement”	the provisional agreement for the sale and purchase of all the issued share capital in and loan to Jumbo dated 20 June 2019
“Jumbo Sale Share Completion Date”	31 October 2019, or such other date no later than 5 months from the date of Jumbo Sale Share Agreement
“Jumbo Share Completion”	completion of the sale and purchase of the entire issued share capital in and loan to Jumbo pursuant to the Jumbo Sale Share Agreement and the related formal Jumbo Sale Share Agreement (if signed)
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of Easyknit and a shareholder (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	4 September 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in it
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property Completion”	completion of the sale and purchase of all the Company B Properties pursuant to the Property Purchase Agreement(s) and the related formal sale and purchase agreement(s) (if signed);
“Property Purchase Agreements”	the provisional agreements for sale and purchase of the Company B Properties entered into between Company B and each of the Property Vendors in relation to the sale and purchase of the Company B Properties
“Property Vendors”	the respective vendor(s) of each of the Property Purchase Agreement(s) entered into with Company B in relation to the sale and purchase of the Company B Properties
“Sale Shares of Company A and Company B”	the entire issued share capital of Company A and Company B
“Seller”	Ng Kwai Tung, an individual, an Independent Third Party
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

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## DEFINITIONS

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“SGM”	the special general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Acquisition, the notice of which is set out in this circular
“Shareholders”	holders of Shares
“Shareholder’s Loan(s)”	the shareholder’s loan of HK\$27,999,992 owing by Company A to the Seller at Company A Completion Date and the shareholder’s loan of HK\$115,332,492 owing by Company B to the Seller at Company B Completion Date, both of which are unsecured, interest-free and without fixed payment terms
“Shares”	ordinary shares of HK\$0.01 each in the share capital of Eminence
“Silver Prosper”	Silver Prosper Holdings Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“substantial shareholder”	the meaning ascribed to it in the Listing Rules
“Vigers”	Vigers Appraisal and Consulting Limited, a property valuer and an Independent Third Party
“%”	percent

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## LETTER FROM THE BOARD

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

*Executive Directors:*

Mr. Kwong Jimmy Cheung Tim

*(Chairman and Chief Executive Officer)*

Ms. Lui Yuk Chu

*(Deputy Chairman)*

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent Non-executive Directors:*

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Wo Koon Yin Welly

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

Block A, 7th Floor

Hong Kong Spinners Building

Phase 6

481–483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

6 September 2019

*To the Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION  
– PROPERTIES ON DAVIS STREET, KENNEDY TOWN  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

On 10 July 2019, the Company announced that on 9 July 2019 (after trading hours) the Buyer had entered into the Agreement for Sale and Purchase with the Seller, pursuant to which amongst other things, the Buyer conditionally agreed to buy, and the Seller agreed to sell, the Sale Shares of Company A and Company B and the Shareholder's Loans at the Consideration.

The purpose of this circular is to provide you with, among other things, further information relating to the Agreement for Sale and Purchase and the specific mandate; and notice of the SGM.

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## LETTER FROM THE BOARD

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### THE AGREEMENT FOR SALE AND PURCHASE

#### Parties and date

Date: 9 July 2019

Parties: Above Ace Limited (the Buyer); and  
Ng Kwai Tung (the Seller)

#### Assets to be acquired

Pursuant to the Agreement for Sale and Purchase, amongst other things, the Buyer has conditionally agreed to purchase the Sale Shares of Company A and Company B and the Shareholder's Loans from the Seller.

#### *Company A & the Jumbo Sale Share Agreement*

Company A is a company incorporated in Anguilla with limited liability. It was incorporated on 12 April 2019 and the sole asset of Company A is the Jumbo Sale Share Agreement which commits Company A to buy Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties.

Company A has no liabilities apart from (i) its Shareholder's Loan of HK\$27,999,992 owing to the Seller at Company A Completion Date; (ii) the sum remaining payable under the Jumbo Sale Share Agreement of HK\$252,000,000 at Company A Completion Date; and (iii) liabilities from the ordinary course of business.

The net book value of Company A is HK\$8. Company A does not have any net profits (before and after taxation).

Jumbo Sale Share Completion is scheduled to take place on the Jumbo Sale Share Completion Date. The sum payable under the Jumbo Sale Share Agreement is payable at Jumbo Share Completion Date and will be funded from internal resources of the Group and/or bank facilities.

#### *Company B & Property Purchase Agreements*

Company B is a company incorporated in Anguilla with limited liability. Company B was incorporated on 12 April 2019 and the sole assets of Company B are the Property Purchase Agreements which commit Company B to buy the Company B Properties.

Company B has no liabilities apart from (i) its Shareholder's Loan of HK\$115,332,492 owing to the Seller at Company B Completion Date; (ii) the sum remaining payable to the Property Vendors under the Property Purchase Agreements of HK\$310,050,000 at Company B Completion Date; and (iii) liabilities from the ordinary course of business. These will become liabilities of the Enlarged Group on a consolidated basis after Company B Completion Date.

The net book value of Company B is HK\$8. Company B does not have any net profits (before and after taxation).



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## LETTER FROM THE BOARD

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Property Completion is scheduled to take place on various Completion Dates set out in the Property Purchase Agreements. The sum payable under each of the Property Purchase Agreements is payable at each of the property Completion Dates and will be funded from internal resources of the Group and/or bank facilities.

### *The Company A Properties and the Company B Properties*

The Company A Properties and the Company B Properties were completed in 1962 and together constitute 100% of the Combined Site at Nos.1B, 1C, 1D and 1E of Davis Street, Kennedy Town, Hong Kong. The registered site area of the Combined Site is approximately 4,940 square feet.

### **Valuation**

In making the Acquisition, the Company took into account the then market price of the properties (indicated by external valuers to be approximately HK\$720,000,000 for the Combined Site of the Company A Properties and the Company B Properties). The Company A Properties and the Company B Properties were valued at HK\$720,000,000 in aggregate at 9 August 2019 by Vigers, a property valuer and an Independent Third Party, and its valuation report is reproduced in Appendix VI.

The Group will fund the Acquisition of the Sale Shares of Company A and B and the Shareholder's Loans from internal resources and/or bank facilities.

### **Conditions Precedent**

Completion of the Agreement for Sale and Purchase is conditional upon the fulfilment of the following conditions and all applicable laws on or prior to the relevant Completion Dates:

1. the Agreement for Sale and Purchase and the transactions contemplated by it being approved by the Shareholders of the Company and all necessary approvals being obtained in compliance with the Listing Rules;
2. no event having occurred which in the reasonable opinion of the Buyer could be construed as being capable of preventing completion of the Property Purchase Agreements and/or the Jumbo Sale Share Agreement, or which could frustrate or make illegal or impossible the completion of the Property Purchase Agreements and/or the Jumbo Sale Share Agreement or make any of them unenforceable;
3. a due diligence review being carried out on Company A and Company B by, and having been completed to the satisfaction of, the Buyer in its sole discretion;
4. title investigation on the Company A Properties and the Company B Properties being carried out to the satisfaction of the Buyer; and
5. the Seller's solicitors providing, at least seven (7) days before the Completion Date, a title report of the Company A Properties and the Company B Properties to the Buyer;

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## LETTER FROM THE BOARD

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and in the event any one or more of these conditions is not fulfilled, all sums paid by the Buyer to the Seller under the Agreement for Sale and Purchase shall be returned to the Buyer within 5 business days of the Buyer's request. None of these conditions could be waived. At the Latest Practicable Date condition 3 had been satisfied.

### Consideration

The Consideration for the sale and purchase of the Sale Shares of Company A and Company B and the Shareholder's Loans is HK\$220,832,500 (subject to adjustment), of which HK\$67,000,000 is the portion of the Consideration for Company A (and its Shareholder's Loan), HK\$153,832,500 being the portion of the Consideration for Company B (and its Shareholder's Loan). It is payable by the Buyer to the Seller in the following manner:

- (a) HK\$30,000,000 as the deposit for Company B on or before 9 July 2019 or such other date as may be agreed by the Buyer and the Seller;
- (b) HK\$40,200,000 as further deposit (of which HK\$23,000,000 is for Company A and HK\$17,200,000 for Company B) on or before 16 July 2019 or such other date as may be agreed by the Buyer and the Seller;
- (c) HK\$60,000,000 as second further deposit for Company B on or before 25 July 2019 or such other date as may be agreed by the Buyer and the Seller;
- (d) HK\$59,000,000 as third further deposit (of which HK\$15,000,000 is for Company A and HK\$44,000,000 for Company B) on or before 30 August 2019 or such other date as may be agreed by the Buyer and the Seller;
- (e) HK\$2,632,500 (subject to adjustment), being the balance of the portion of the Consideration for Company B and its Shareholder's Loan, is payable by the Buyer to the Seller at Company B Completion Date or such other date as may be agreed by the Buyer and the Seller; and
- (f) HK\$29,000,000, being the balance of the portion of the Consideration for Company A and its Shareholder's Loan, is payable by the Buyer to the Seller at Company A Completion Date or such other date as may be agreed by the Buyer and the Seller.

The Directors are satisfied that these terms of payment are fair and reasonable and in the interests of the Company and its shareholders as a whole because they were negotiated on arm's length terms and all sums payable before the Completion Dates must be refunded by the Seller if the Conditions Precedent are not fulfilled or waived.

As of the Latest Practicable Date, a total of HK\$189,200,000 of the Consideration has been paid by the Buyer to the Seller, of which HK\$38,000,000 was for Company A and HK\$151,200,000 was for Company B.

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## LETTER FROM THE BOARD

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The overall Consideration was determined after arm's length negotiations between the Buyer and the Seller. When determining the Consideration, the management of the Company has taken into account the ownership of the Company A Properties and the Company B Properties, the location of the Company A Properties and the Company B Properties, the Shareholder's Loans, market price of properties of similar size and usage, the stamp duty refund which the Company expects when the Combined Site is demolished for redevelopment, and the potential of redevelopment of the Combined Site.

With regards to Company A, the Consideration for the acquisition of Company A was HK\$67,000,000 and the sum remaining payable under the Jumbo Sale Share Agreement at Company A Completion Date is approximately HK\$252,000,000. With regards to Company B, the consideration for the acquisition of Company B was HK\$153,832,500 and the sum remaining payable to the Property Vendors under the Property Purchase Agreements at Company B Completion Date is approximately HK\$310,050,000. These will become liabilities of the Enlarged Group on a consolidated basis after Company A Completion Date and Company B Completion Date. As such, the total cost of acquiring Company A and Company B is approximately HK\$782,882,500. The Company in acquiring the Combined Site for redevelopment also expects that there will be stamp duty refundable of approximately HK\$66,741,000 when redevelopment takes place (which is in effect a reduction in the acquisition cost for the Company). The Seller had taken into account the stamp duty refund in the Consideration for Company A and Company B as the Combined Site was sold on the basis that it would be redeveloped. As a result, the net costs of acquiring Company A and Company B is approximately HK\$716,141,500 and this is similar to the market value of the Company A Properties and the Company B Properties which were valued at HK\$720,000,000. The Directors consider that although there may be a time lapse for the stamp duty refund, it will be short and immaterial (the stamp duty refund process is expected to take about 10–12 months) compared to the potential uplift in value of the redevelopment of the Combined Site, which will be in the interest of the Company and its Shareholders.

Against that background, the portion of the Consideration for acquiring Company A (including the issued shares of Company A and its Shareholder's Loan) and the portion of the Consideration for acquiring Company B (including the issued shares of Company B and its Shareholder's Loan) was negotiated on the basis of the parties' respective perceptions of the value of the underlying properties or rights to acquire those properties, and the assets and liabilities of the two companies. The aggregate Consideration of HK\$220,832,500 thus reflects market value of the Company A Properties and the Company B Properties and takes into consideration the stamp duty refund which the Company expects when the Combined Site is demolished for redevelopment.

The Group will fund the Acquisition of the Sale Shares of Company A and B and the Shareholder's Loans from internal resources and/or bank facilities.

### **Rental Arrangement of the Company A Properties and Company B Properties**

#### ***Rental Deposits***

After the Company A Completion Date, the rental deposits of approximately HK\$890,000 in relation to the existing tenancy agreements of the Company A Properties will be assumed by the Enlarged Group.

After the Company B Completion Date, the rental deposits of approximately HK\$757,000 in relation to the existing tenancy agreements of the Company B Properties will be assumed by the Enlarged Group.

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## LETTER FROM THE BOARD

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These rental deposits will be assumed by the Enlarged Group since Company A and Company B will become subsidiaries of the Group after their respective completion dates. The Group will have the rental deposits after completion and ultimately have to return the deposits to tenants when they move out. The Group's financial position will be neutral in respect of the receipt and reimbursement of rental deposits.

### ***Rent-Free Periods***

Pursuant to the Property Purchase Agreements, the Property Vendors of 1/F, 2/F, 4/F and 5/F of No. 1D Davis Street, Kennedy Town, Hong Kong (the “**4 Units**”) are licenced to occupy the 4 Units free of rental for periods ranging from 4 to 6 months after the completion of the relevant Property Purchase Agreements (the “**Licence Period**”) scheduled on 10 October 2019. The fair value of the rental income of the 4 Units during the Licence Period, which is inclusive of government rates, government rent, management fee and other outgoings (the “**Rental Income Fair Value**”), are of a total amount of approximately HK\$484,600 during the Licence Period. The Agreement for Sale and Purchase and the Property Purchase Agreements require that the properties are delivered with vacant possessing at completion and, if they are not, part of the Consideration under the Agreement for Sale and Purchase will be withheld until delivery of vacant possession.

The Property Vendors of the 4 Units are licensed to use the 4 Units free of rent for short periods (4 to 6 months) after completion of the relevant Property Purchase Agreement. The provision of rent-free periods to the Property Vendors of the 4 Units allows them time to deliver them with vacant possession if it is not delivered at completion and thus enables the Group to acquire vacant possession of the 4 Units in a short time, without prejudicing the title to the 4 Units.

As the timeframe for redevelopment (and ultimately costs of redevelopment) will be severely affected by any delay, the rent-free periods of 4 to 6 months are not onerous and are fair, reasonable, acceptable and in the interest of the Group.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

On completion of the Acquisition Eminence will own 100% of the issued shares in both Company A and Company B and both companies will be its wholly-owned subsidiaries.

The Company plans to demolish the Company A Properties and the Company B Properties and redevelop the Combined Site into a commercial/residential/service apartment building with car parking spaces (if any) to maximize the usage of the Combined Site.

Having considered the potential for redevelopment of the Combined Site and the total Consideration for the Group to acquire the Sale Shares of Company A and Company B and the Shareholder's Loans, the Directors are in the view that the total Consideration and the sums payable under the Agreement for Sale and Purchase are in the interests of the Group and that the terms and conditions of the Agreement for Sale and Purchase are on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE SELLER, THE BUYER AND THE GROUP ETC

The Seller is an individual. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party whose business involves sale and purchase of interests in real estate.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owners of the Company A Properties as well as the ultimate beneficial owner of the Company B Properties are Independent Third Parties.

The Buyer is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. The Group's principal businesses are in property investment, property development, securities investment and loan financing business. The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and China.

### FINANCIAL EFFECTS OF THE ACQUISITION

#### Earnings

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group as set out in Appendix III to this circular, the effect of the Acquisition is that profit would be decreased by approximately HK\$740,000.

#### Assets and Liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix III to this circular, the effect of the Acquisition is that (i) trade and other receivables would be increased by approximately HK\$66,741,000; (ii) bank balances and cash would be decreased by approximately HK\$141,582,000; and (iii) trade and other payables would be increased by approximately HK\$80,476,000. There will be no change in investment properties nor tax payable.

### IMPLICATIONS UNDER THE LISTING RULES

As one or more of the percentage ratios applicable to the Acquisition under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

### GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition and no Shareholder will be required to abstain from voting at the SGM.

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## LETTER FROM THE BOARD

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A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 23 September 2019 at 9 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and, in such event, the proxy form shall be deemed to be revoked.

All resolutions put to the SGM will be voted on by way of poll.

### CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Wednesday, 18 September 2019 to Monday, 23 September 2019, both days inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 17 September 2019.

The Board is of the opinion that Acquisition is fair and reasonable and in the best interests of the Company and its Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition.

### ADDITIONAL INFORMATION

Your attention is drawn to the notice of the SGM and the information set out in the Appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Eminence Enterprise Limited**  
**Kwong Jimmy Cheung Tim**  
*Chairman & Chief Executive Officer*

**1. FINANCIAL SUMMARY OF THE GROUP**

Below are the details of the published annual reports showing the financial information of the Group:

<b>For the year ended</b>	<b>Publication date of annual report</b>	<b>Pages</b>
31 March 2019	20 June 2019	67–189
<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ltn20190620297.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ltn20190620297.pdf</a>		
31 March 2018	29 June 2018	51–149
<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/ltn20180622291.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/ltn20180622291.pdf</a>		
31 March 2017	29 June 2017	74–193
<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0615/ltn20170615234.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0615/ltn20170615234.pdf</a>		

**2. WORKING CAPITAL**

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

**3. INDEBTEDNESS****(a) Borrowings**

As at 31 July 2019, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$997,300,000, which were secured by the Group's properties with an aggregate net book value of approximately HK\$776,400,000 (investment properties) and approximately HK\$1,730,300,000 (properties held for development for sale) respectively and all bank borrowings were guaranteed by the Company.

**(b) Convertible Notes**

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

***2015CB***

The Company on 26 May 2015 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Madian Star Limited in the principal amount of HK\$86,000,000, conferring rights to convert at any time before 12 June 2022 the principal amount into the Shares at the conversion price of HK\$0.06 per Share. The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$40,400,000.

***2017CB1***

The Company on 1 March 2017 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco in the principal amount of HK\$16,000,000, conferring rights to convert at any time before 11 May 2022 the principal amount into the Shares at the conversion price of HK\$0.16 per Share. The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$16,000,000.

***2017CB2***

The Company on 7 August 2017 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco in the principal amount of HK\$28,200,000, conferring rights to convert at any time before 26 September 2020 the principal amount into the Shares at the conversion price of HK\$0.06 per Share. The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$11,280,000.

***2019CB***

The Company on 17 June 2019 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco in the principal amount of HK\$70,000,000, conferring rights to convert at any time before the fifth anniversary of the issue thereof the principal amount into the Shares at the conversion price of HK\$0.055 per Share.

Apart from as disclosed in the latest annual report of the Company and the above and intra-group liabilities, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured and unsecured borrowing and debt, or other material contingent liabilities as at 31 July 2019.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As mentioned in the annual report of the Company for the year ended 31 March 2019, the Group will continue focusing its efforts in the development of its exiting principal businesses: (1) property investment; (2) property development; (3) securities investment; (4) loan financing business and other potential projects with a view to providing steady returns for its Shareholders and bring increased growth to the Group.

The Hong Kong economy has been growing steadily despite an increasingly challenging external environment.



Despite the uncertainties on global economic outlook caused by the intensified US-China trade war, Brexit, and recent corrections in the financial markets, Hong Kong's economy remains resilient.

The Board maintains a cautiously optimistic view on the property market and would continue devoting resources and effort in increasing and replenishing its land bank for its property development business and will also continue to adopt a prudent approach in acquiring and disposing properties and other investments to secure steady recurring income and capital appreciation for the Group.

## **5. MATERIAL CHANGE**

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2019, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

*The following is the text of a report received from Cosmos CPA Limited on Company A and Company B, prepared for the purpose of incorporation in this circular.*



Suite F, 14th Floor, Neich Tower  
128 Gloucester Road, Wanchai  
Hong Kong

6 September 2019

**The Board of Directors  
Eminence Enterprise Limited**

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

Dear Sirs,

**INTRODUCTION**

We report on the historical financial information of Real Supreme Limited (the “**Target Company**”) set out on pages 19 to 33, which comprises the statement of financial position as at 9 July 2019 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 12 April 2019 (date of incorporation) to 9 July 2019 (the “**Relevant Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages 19 to 33 forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited (the “**Company**”) dated 6 September 2019 (the “**Circular**”) in connection with the Company’s Very Substantial Acquisition – Properties On Davis Street, Kennedy Town, Hong Kong.

**DIRECTOR’S RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The sole director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information, and for such internal control as the sole director determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

**OPINION**

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 9 July 2019 and of its financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON  
THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND  
MISCELLANEOUS PROVISIONS) ORDINANCE****Adjustments**

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page 22 have been made.

**Dividends**

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Period.

**No historical financial statements for the Target Company**

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation.

Yours faithfully,

**Cosmos CPA Limited**

*Certified Public Accountants*

**NG Lai Man Carmen**

*Practising Certificate Number P03518*

Hong Kong

**I. HISTORICAL FINANCIAL INFORMATION****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	<i>Notes</i>	<i>HK\$</i>
<b>REVENUE</b>	7	—
<i>Less:</i> Administrative expenses		—
Other operating expenses		—
Finance costs		—
<b>PROFIT/LOSS BEFORE TAX</b>	8	—
Taxation	10	—
<b>NET PROFIT/LOSS FOR THE RELEVANT PERIOD</b>		—
Other comprehensive income		—
<b>TOTAL COMPREHENSIVE INCOME FOR THE RELEVANT PERIOD</b>		—
<b>BASIC PROFIT/LOSS PER SHARE</b>	11	—

## STATEMENT OF FINANCIAL POSITION

*As at 9 July 2019*

	<i>Notes</i>	<i>HK\$</i>
<b>ASSETS AND LIABILITIES</b>		
<b>NON-CURRENT ASSET</b>		
Deposits paid for investment		<u>5,000,000</u>
		<u>5,000,000</u>
<b>CURRENT LIABILITY</b>		
Amount due to the sole director/shareholder	13	<u>(4,999,992)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(4,999,992)</u>
<b>NET ASSETS</b>		<u><u>8</u></u>
<b>EQUITY</b>		
Share capital	14	8
Retained earnings/accumulated losses		<u>—</u>
<b>TOTAL EQUITY</b>		<u><u>8</u></u>

## STATEMENT OF CHANGES IN EQUITY

*Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	<b>Share capital <i>HK\$</i></b>	<b>Retained earnings/ accumulated losses <i>HK\$</i></b>	<b>Total <i>HK\$</i></b>
Issuance of one ordinary share of US\$1.00 – <i>Note 14</i>	8	—	8
Total comprehensive income for the Relevant Period	<u>—</u>	<u>—</u>	<u>—</u>
As at 9 July 2019	<u><u>8</u></u>	<u><u>—</u></u>	<u><u>8</u></u>

**STATEMENT OF CASH FLOWS***Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	<i>Notes</i>	<i>HK\$</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/loss before tax	8	—
Adjustment		—
Operating profit/loss before movements in working capital and cash generated from/used in operations		—
Income tax paid		—
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>		—
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Deposits paid for investment		(5,000,000)
<b>NET CASH USED IN INVESTING ACTIVITY</b>		(5,000,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of one ordinary share	15	8
Advance from the sole director/shareholder	15	4,999,992
<b>NET CASH FROM FINANCING ACTIVITIES</b>		5,000,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		—
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE RELEVANT PERIOD</b>		—
<b>CASH AND CASH EQUIVALENTS AT END OF THE RELEVANT PERIOD</b>		—
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances		—

## II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. General

Real Supreme Limited (the “**Target Company**”) is a private company incorporated in Anguilla with limited liability and its registered office is located at OMC Offices, Babrow Building, The Valley, AI-2640 Anguilla, British West Indies. During the Relevant Period, the principal activity of the Target Company was investment holding in Hong Kong.

The sole member of the Target Company (the “**Seller**”) entered into an agreement with Above Ace Limited (“**AAL**”, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Eminence Enterprise Limited, the “**Company**”) on 9 July 2019 (the “**Agreement for Sale and Purchase**”), pursuant to which amongst other things and as part of the agreement, AAL conditionally agreed to buy, and the Seller agreed to sell, the entire issued share capital of the Target Company and a related shareholder loan at an aggregate consideration of HK\$67,000,000, subject to adjustment.

Upon completion of the Agreement for Sale and Purchase, AAL and the Company will respectively become the immediate and ultimate holding company of the Target Company.

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**” or “**HKD**”), which is the same as the functional and presentation currency of the Target Company, and all values are rounded to the nearest dollar except when otherwise indicated.

### 2. Basis of preparation of Historical Financial Information

No statutory audited financial statements of the Target Company for the Relevant Period have been prepared as it was newly incorporated since 12 April 2019 and there are no statutory audit requirements under the relevant rules and regulations in the Anguilla. The Historical Financial Information in this report was prepared based on management accounts of the Target Company for the Relevant Period. The sole director of the Target Company has prepared the financial statements (“**Underlying Financial Statements**”) for the Relevant Period in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

As the sole shareholder of the Target Company and the Company have respectively agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in foreseeable future and be able to operate on a going concern basis. Accordingly, the Underlying Financial Statements have been prepared on a going concern basis.



### **3. Application of new and revised Hong Kong Financial Reporting Standards**

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Company has, throughout the Relevant Period, consistently adopted HKFRSs, HKASs, amendments and interpretations. The Target Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

The Target Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

### **4. Significant accounting policies**

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

***Financial instruments***

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Target Company's ordinary course of business is presented as revenue.

### Financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Target Company recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of the Relevant Period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the Relevant Period. Assessment is done based on the Target Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For these assets, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities (including amount due to the sole director/shareholder) are subsequently measured at amortised cost, using the effective interest method.

### Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## ***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the Relevant Period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Target Company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### ***Related parties***

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Target Company;
  - (ii) has significant influence over the Target Company; or
  - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Target Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Target Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

## **5. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Target Company's accounting policies, which are described in note 4, the sole director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **6. Capital management**

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Company consists of net debts, which includes the amount due to the sole director/shareholder as disclosed in note 13 and equity attributable to the owner of the Target Company.

The sole director reviews the capital structure on a regular basis. As part of this review, the sole director considers the cost of capital and the risks associated with the capital. Based on recommendations of the sole director, the Target Company will balance its overall capital structure through new share issues as well as raising of debts.

Further, the existing shareholder of the Target Company and the Company respectively confirmed their willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain the Target Company as a going concern prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019.

### ***Financial instruments***

#### *Categories of financial instruments*

HK\$

#### **Financial liabilities**

Amortised cost

Amount due to the sole director/shareholder	<u><u>4,999,992</u></u>
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#### *Financial risk management objectives and policies*

The Target Company's major financial instrument includes the amount due to the sole director/shareholder. Details of this financial instrument are disclosed in note 13. The risks associated with this financial instrument and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### *Liquidity risk*

The Target Company relies on the sole director/shareholder as a significant source of liquidity. The sole shareholder of the Target Company and the Company have respectively agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

*Fair value*

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

**7. Revenue**

The Target Company has no turnover during the Relevant Period.

**8. Profit/loss before tax**

There are no supporting documents provided by the sole director/shareholder of the Target Company as to verify the quantum of formation expense and solicitors' fees incurred by the Target Company. The sole director/shareholder has agreed to absorb the abovementioned costs incurred during the Relevant Period and no separate disclosure was made for the above expenses.

**9. Director's remuneration and five highest paid employees***(i) Director's remuneration*

No remuneration was paid to the Target Company's sole director during the Relevant Period and no remuneration was waived by the sole director during the Relevant Period.

*(ii) Employees' remuneration*

The Target Company has no employee, thus no remuneration was paid to any employees during the Relevant Period.

**10. Taxation**

No provision for taxation has been made as the Target Company had no revenue earned during the Relevant Period. There are no material deferred tax liabilities/assets as at the end of the Relevant Period.

**11. Basic profit/loss per share**

As only one ordinary share was in issue during the Relevant Period, the basic profit/loss per share is equal to the net profit/loss for the Relevant Period.

There were no potential dilutive shares in existence during the Relevant Period.



**12. Dividends**

No dividends have been paid by the Target Company in respect of the Relevant Period.

**13. Amount due to the sole director/shareholder**

The amount due to sole director/shareholder is unsecured and interest-free. As mentioned in note 17 to the Historical Financial Information, the loan is to be disposed of to the new shareholder, the new shareholder and the sole director/shareholder have confirmed not to demand payment within 12 months after the Relevant Period.

**14. Share capital**

**9 July 2019**

*HK\$*

*Authorised:*

1,000,000 ordinary shares of US\$1.00 each

7,800,000

*Issued and fully paid:*

One ordinary share of US\$1.00 each

8

The Target Company was incorporated on 12 April 2019 with an authorised share capital of US\$1,000,000 divided into 1,000,000 ordinary shares of US\$1.00 each. On 31 May 2019, one ordinary share of US\$1.00 was issued at par to the sole member to meet the initial capital requirement. Other than the above, there were no changes in the Target Company's authorised, issued, and fully paid share capital during the Relevant Period.

## 15. Note to statement of cash flows

## (a) Reconciliation of liabilities arising from financing activities

	Share capital HK\$	Amount due to the sole director/ shareholder HK\$
<i>Changes from financing cash flows</i>		
Proceeds on issuance of one ordinary share	8	-
Advance from the sole director/shareholder	-	4,999,992
As at 9 July 2019	8	4,999,992

## 16. Capital commitments

During the Relevant Period, on 20 June 2019 (the “**Date of the Jumbo Sale Share Agreement**”), the Target Company entered into a provisional agreement for the sale and purchase of the entire issued share capital and shareholder’s loan of Jumbo Rainbow Limited (“**Jumbo**”, a company incorporated in the British Virgin Islands with limited liability) at a total cash consideration of HK\$280,000,000 subject to adjustment (the “**Jumbo Sale Share Agreement**”). Pursuant to the Jumbo Sale Share Agreement, the Target Company is committed to buy Jumbo and its subsidiary, Silver Prosper Holdings Limited (“**Silver Prosper**”), a company incorporated in Hong Kong with limited liability. Silver Prosper is the registered owner of the following properties:

- (i) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 9 of Section A of Marine Lot No. 245); and
- (ii) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 3 of Section A of Marine Lot No. 245).

At the time of signing of the Jumbo Sale Share Agreement, there were 11 tenancy/licence agreements in force for:

- 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong; and
- G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong.

Up to 9 July 2019, the Target Company has paid HK\$5,000,000 as initial deposit under the Jumbo Sale Share Agreement (representing approximately 1.7857% of the total consideration under the Jumbo Sale Share Agreement). A further deposit of HK\$23,000,000 was paid on 18 July 2019 with the remaining balance of HK\$252,000,000 to be settled on completion of the Jumbo Sale Share Agreement. Details of the subsequent settlements of the balance payment are detailed in note 19 on the Historical Financial Information.

**17. Sale share and sale loan agreement**

The sole member of the Target Company entered into an agreement with AAL on 9 July 2019, pursuant to which amongst other things and as part of the agreement, to sell his entire shareholding and entire loan in the Target Company to AAL at total cash consideration of HK\$67,000,000, subject to adjustment. The transaction is expected to be completed on 28 October 2019 or such other date as the parties may agree in writing.

**18. Related party transactions**

The Target Company had no other transactions with related parties during the Relevant Period.

**19. Events after the Relevant Period**

- (a) No audited financial statements have been prepared in respect of any period subsequent to 9 July 2019.
- (b) Up to 9 July 2019, the Target Company has paid HK\$5,000,000 as initial deposit under the Jumbo Sale Share Agreement. A further deposit of HK\$23,000,000 was paid on 18 July 2019.

The remaining balance of HK\$252,000,000 shall be payable on completion of the Jumbo Sale Share Agreement. The Jumbo Sale Share Agreement is to be completed on or before 31 October 2019, or such other date no later than 5 months from the Date of Jumbo Sale Share Agreement.



Suite F, 14th Floor, Neich Tower  
128 Gloucester Road, Wanchai  
Hong Kong

6 September 2019

**The Board of Directors**  
**Eminence Enterprise Limited**

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

Dear Sirs,

**INTRODUCTION**

We report on the historical financial information of Jumbo Rainbow Limited (the “**Target Company**”) set out on pages 37 to 55, which comprises the statement of financial position as at 31 March 2018, 31 March 2019 and 31 May 2019 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 March 2017 (date of incorporation) to 31 March 2018, year ended 31 March 2019, period from 1 April 2019 to 31 May 2019 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages 37 to 55 forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited (the “**Company**”) dated 6 September 2019 (the “**Circular**”) in connection with the Company’s Very Substantial Acquisition – Properties on Davis Street, Kennedy Town, Hong Kong.

**DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

**OPINION**

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 March 2018, 31 March 2019 and 31 May 2019 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE****Adjustments**

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page 41 have been made.

**Dividends**

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

**No historical financial statements for the Target Company**

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation.

Yours faithfully,

**Cosmos CPA Limited**

*Certified Public Accountants*

**NG Lai Man Carmen**

*Practising Certificate Number P03518*

Hong Kong

**I. HISTORICAL FINANCIAL INFORMATION**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Period from 1 March 2017 (date of incorporation) to 31 March 2018 <i>HK\$</i>	Year ended 31 March 2019 <i>HK\$</i>	Period from 1 April to 31 May 2018 2019 <i>HK\$</i> <i>HK\$</i>	
	<i>Notes</i>				
REVENUE	7	–	–	–	–
Administrative and general expenses		<u>(3,049,002)</u>	<u>(6,162)</u>	<u>(6,162)</u>	<u>–</u>
Loss before tax	8	(3,049,002)	(6,162)	(6,162)	–
Taxation	10	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Loss after tax and total comprehensive expenses for the Relevant Periods		<u><u>(3,049,002)</u></u>	<u><u>(6,162)</u></u>	<u><u>(6,162)</u></u>	<u><u>–</u></u>
BASIC LOSS PER SHARE	11	<u><u>(3,049,002)</u></u>	<u><u>(6,162)</u></u>	<u><u>(6,162)</u></u>	<u><u>–</u></u>

**APPENDIX II****FINANCIAL INFORMATION OF  
COMPANY A AND COMPANY B****STATEMENT OF FINANCIAL POSITION**

		<b>As at 31 March 2018</b>	<b>As at 31 March 2019</b>	<b>As at 31 May 2018</b>	<b>As at 31 May 2019</b>
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>NON-CURRENT ASSETS</b>					
Interests in a subsidiary	13	<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>
Total non-current assets		<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>
<b>CURRENT ASSETS</b>					
Prepayments		–	6,202	6,202	6,202
Amount due from immediate holding company	14	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
Total current assets		<u>8</u>	<u>6,210</u>	<u>6,210</u>	<u>6,210</u>
<b>CURRENT LIABILITIES</b>					
Amount due to ultimate holding company	15	<u>(228,260,837)</u>	<u>(228,273,201)</u>	<u>(228,273,201)</u>	<u>(228,273,201)</u>
Total current liabilities		<u>(228,260,837)</u>	<u>(228,273,201)</u>	<u>(228,273,201)</u>	<u>(228,273,201)</u>
Net current liabilities		<u>(228,260,829)</u>	<u>(228,266,991)</u>	<u>(228,266,991)</u>	<u>(228,266,991)</u>
Total assets less current liabilities		<u>(3,048,994)</u>	<u>(3,055,156)</u>	<u>(3,055,156)</u>	<u>(3,055,156)</u>
Net liabilities		<u><u>(3,048,994)</u></u>	<u><u>(3,055,156)</u></u>	<u><u>(3,055,156)</u></u>	<u><u>(3,055,156)</u></u>
<b>CAPITAL AND RESERVES</b>					
Share capital	16	8	8	8	8
Accumulated losses		<u>(3,049,002)</u>	<u>(3,055,164)</u>	<u>(3,055,164)</u>	<u>(3,055,164)</u>
Total equity		<u><u>(3,048,994)</u></u>	<u><u>(3,055,156)</u></u>	<u><u>(3,055,156)</u></u>	<u><u>(3,055,156)</u></u>



## STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Issuance of one ordinary share of US\$1.00 – <i>Note 16</i>	8	–	8
Net loss and total comprehensive expenses for the period from 1 March 2017 (date of incorporation) to 31 March 2018	<u>–</u>	<u>(3,049,002)</u>	<u>(3,049,002)</u>
As at 31 March 2018 and 1 April 2018	8	(3,049,002)	(3,048,994)
Net loss and total comprehensive expenses for the year ended 31 March 2019	<u>–</u>	<u>(6,162)</u>	<u>(6,162)</u>
As at 31 March 2019 and 1 April 2019	8	(3,055,164)	(3,055,156)
Net loss and total comprehensive expenses for the period from 1 April to 31 May 2019	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 May 2019	<u>8</u>	<u>(3,055,164)</u>	<u>(3,055,156)</u>
As at 1 April 2018	8	(3,049,002)	(3,048,994)
Net loss and total comprehensive expenses for the period from 1 April to 31 May 2018	<u>–</u>	<u>(6,162)</u>	<u>(6,162)</u>
As at 31 May 2018	<u>8</u>	<u>(3,055,164)</u>	<u>(3,055,156)</u>

## STATEMENT OF CASH FLOWS

	Period from 1 March 2017 (date of incorporation) to 31 March 2018 <i>Note</i>	Year ended 31 March 2019 <i>HK\$</i>	Period from 1 April to 31 May 2018 2019 <i>HK\$</i>	
CASH FLOWS FROM				
OPERATING ACTIVITIES				
Loss before tax and operating cash flows				
before movements in working capital	(3,049,002)	(6,162)	(6,162)	–
Increase in prepayments	–	(6,202)	(6,202)	–
Increase in amount due from immediate holding company	(8)	–	–	–
Cash used in operations	(3,049,010)	(12,364)	(12,364)	–
Hong Kong profits tax paid	–	–	–	–
Net cash flows used in operating activities	(3,049,010)	(12,364)	(12,364)	–
CASH FLOWS FROM				
INVESTING ACTIVITY				
Acquisition of interests in a subsidiary	(225,211,835)	–	–	–
Net cash flows used in investing activity	(225,211,835)	–	–	–
CASH FLOWS FROM				
FINANCING ACTIVITIES				
Proceeds on issuance of one ordinary share	16 8	–	–	–
Advance from ultimate holding company	228,260,837	12,364	12,364	–
Net cash flows generated from financing activities	228,260,845	12,364	12,364	–
Net increase/(decrease) in cash and cash equivalents	–	–	–	–
Cash and cash equivalents at the beginning of the period/year	–	–	–	–
Cash and cash equivalents at the end of the period/year, represented by bank balances and cash	–	–	–	–

**II. NOTES ON THE HISTORICAL FINANCIAL INFORMATION****1. General**

Jumbo Rainbow Limited (the “**Target Company**”) is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. During the Relevant Periods, the principal activity of the Target Company was holding of Silver Prosper Holdings Limited, a private company incorporated in Hong Kong with limited liability and whose principal activity was holding of properties located at Nos. 1B and 1C Davis Street, Kennedy Town, Hong Kong (together referred to as “**Properties**”).

The directors of the Target Company considered that CIH (BVI) Limited (“**CIH**”) and Chevalier International Holdings Limited (“**Chevalier**”) to be the respective immediate and ultimate holding company as at 31 May 2019.

Chevalier is a public listed company incorporated in Bermuda with limited liability. The addresses of the registered office and principal place of business of Chevalier are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong respectively. Chevalier has its shares listed on The Stock Exchange of Hong Kong Limited with stock code: 25.

**2. Basis of preparation of Historical Financial Information**

No statutory audited financial statements of the Target Company for the Relevant Periods have been prepared as it was incorporated since 1 March 2017 and there are no statutory audit requirements under the relevant rules and regulations in the British Virgin Islands. The Historical Financial Information in this report was prepared based on management accounts of the Target Company for the Relevant Periods. The directors of the Target Company have prepared the financial statements (“**Underlying Financial Statements**”) for the Relevant Periods in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**” or “**HKD**”) and all values are rounded to the nearest dollar except when otherwise indicated.

While Chevalier will continue to finance the Target Company prior to the completion of the Very Substantial Acquisition – Properties On Davis Street, Kennedy Town, Hong Kong (the “**VSA**”) by Eminence Enterprise Limited (the “**Company**”), the Company has also agreed to continuously provide adequate funds to the Target Company to meet in full its financial obligations as they fall due for the foreseeable future from the completion date of the VSA to the coming twelve months from 31 May 2019, the directors are therefore confident that Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

**3. Application of new and revised Hong Kong Financial Reporting Standards**

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has, throughout the Relevant Periods, consistently adopted HKFRSs, HKASs, amendments and interpretations. The Target Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

The Target Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

**4. Significant accounting policies**

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

### ***Subsidiary***

Subsidiaries are all entities (including structured entities) over which the Target Company has control. The Target Company controls an entity when the Target Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Acquisition-related costs are expensed as incurred.

The results of subsidiaries are included in the Target Company's profit or loss to the extent of dividends received and receivable. The Target Company's investment in subsidiary is stated at cost less any impairment losses.

As the Target Company is a holding company that is a wholly-owned subsidiary of another body corporate, it satisfies the exemption criteria set out in section 379(3)(a) of the Hong Kong Companies Ordinance (Cap. 622), and is therefore not required to prepare consolidated financial statements.

### ***Impairment of non-financial assets***

At the end of the Relevant Periods, the Target Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amounts of assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### ***Financial instruments***

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Target Company's ordinary course of business is presented as revenue.

### Financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Target Company recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of the Relevant Periods to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the Relevant Periods. Assessment is done based on the Target Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For these assets, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities (including amount due to ultimate holding company) are subsequently measured at amortised cost, using the effective interest method.

### Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## ***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.



The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

***Foreign currencies***

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

***Related parties***

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Target Company;
  - (ii) has significant influence over the Target Company; or
  - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Target Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Target Company are joint ventures of the same third party;

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

#### **5. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Target Company's accounting policies, which are described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### ***Key source of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

##### ***Impairment of interests in a subsidiary***

The Target Company's management determines the impairment of interests in a subsidiary on a regular basis. The policy for the impairment of interests in a subsidiary is based on the management's best estimate of the inherent risk, market potential and business prospect of that investment on an ongoing basis and with reference to the net assets/(liabilities) positions of the investees.

**6. Capital management**

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debts, which includes the amount due to the ultimate holding company as disclosed in note 15 and equity attributable to the owner of the Target Company.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Target Company will balance its overall capital structure through new share issues as well as raising of debts.

Further, Chevalier and the Company respectively confirmed their willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain the Target Company as a going concern prior to the completion of the VSA and after the completion of the VSA to the coming twelve months from 31 May 2019.

***Financial instruments******Categories of financial instruments***

	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
<i>Financial assets</i>				
Amount due from immediate holding company	<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
<i>Financial liabilities</i>				
Amount due to ultimate holding company	<u>228,260,837</u>	<u>228,273,201</u>	<u>228,273,201</u>	<u>228,273,201</u>

*Financial risk management objectives and policies*

The Target Company's major financial instruments include the balances with immediate holding company and ultimate holding company. Details of these financial instruments are disclosed in notes 14 and 15, respectively. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Liquidity risk*

The Target Company relies on Chevalier as a significant source of liquidity. Chevalier will continue to finance the Target Company prior to the completion of the VSA and the Company has also agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future and to maintain the Target Company as a going concern from the completion date of the VSA to the coming twelve months from 31 May 2019, the directors are therefore confident that the Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

*Currency risk*

All of the Target Company's monetary assets and liabilities are denominated in HK\$ and therefore the exchange rate risk to the Target Company is not significant.

*Fair value*

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors considered that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

**7. Revenue**

The Target Company has no turnover during the Relevant Periods.

**8. Loss before tax**

The Target Company's loss before tax is arrived at after charging:

	Period from 1 March 2017 (date of incorporation) to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	
Formation expenses	9,828	–	–	–
Acquisition related costs	3,037,359	–	–	–

**9. Directors' remuneration and five highest paid employees****(i) Directors' remuneration**

The directors of the Target Company during the Relevant Periods were:

Mr. KUOK Hoi Sang	(appointed on 9 March 2017)
Mr. TAM Kwok Wing	(appointed on 9 March 2017)
Mr. HO Chung Leung	(appointed on 9 March 2017)
Mr. MA Chi Wing	(appointed on 9 March 2017)
Ms. CHOW Vi Vi	(appointed on 9 March 2017)

No remuneration was paid to these directors during the Relevant Periods and no remuneration was waived by these directors during the Relevant Periods.

**(ii) Employees' remuneration**

The Target Company has no employee, thus no remuneration was paid to any employees during the Relevant Periods.

**10. Taxation**

No provision for taxation has been made as the Target Company had no assessable profits during the Relevant Periods. There are no material deferred tax liabilities/assets as at the end of the Relevant Periods.

A reconciliation of the tax expenses applicable to loss before tax at the statutory rate to the tax expenses is as follows:

	Period from 1 March 2017 (date of incorporation) to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 2019 HK\$ HK\$	
Loss before tax	<u>3,049,002</u>	<u>6,162</u>	<u>6,162</u>	<u>–</u>
Tax at the statutory tax rate of 16.5%	503,085	1,017	1,017	–
Tax effect of expenses not deductible for tax purpose	<u>(503,085)</u>	<u>(1,017)</u>	<u>(1,017)</u>	<u>–</u>
Income tax expenses	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

**11. Basic loss per share**

As only one ordinary share was in issue during the Relevant Periods, the basic loss per share is equal to the net loss for the Relevant Periods.

There were no potential dilutive shares in existence during the Relevant Periods.

**12. Dividends**

No dividends have been paid by the Target Company in respect of the Relevant Periods.

**13. Interests in a subsidiary**

	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Interests in a subsidiary	<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>	<u>225,211,835</u>

Particulars of the subsidiary as at the end of the Relevant Periods are as follows:

Name of subsidiary	:	Silver Prosper Holdings Limited
Equity interest directly held	:	100%
Place of incorporation	:	Hong Kong
Principal activity	:	Property investment in Hong Kong
Issued and paid up capital	:	HK\$1

**14. Amount due from the immediate holding company**

The amount due from the immediate holding company is unsecured, interest-free and has no fixed repayment terms.

**15. Amount due to the ultimate holding company**

The amount due to the ultimate holding company is unsecured, interest-free and has no fixed repayment terms.

**16. Share capital**

	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
--	-----------------------------------	-----------------------------------	---------------------------------	---------------------------------

*Authorised:*

50,000 ordinary shares of  
US\$1.00 each

<u>390,000</u>	<u>390,000</u>	<u>390,000</u>	<u>390,000</u>
----------------	----------------	----------------	----------------

*Issued and fully paid:*

One ordinary share of  
US\$1.00 each

<u>8</u>	<u>8</u>	<u>8</u>	<u>8</u>
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The Target Company was incorporated on 1 March 2017 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On 9 March 2017, one ordinary share of US\$1.00 was issued at par to the immediate holding company to meet the initial capital requirement. Other than the above, there were no changes in the Target Company's authorised, issued, and fully paid share capital during the Relevant Periods.

# 17. Notes to statement of cash flows

## (a) Reconciliation of liabilities arising from financing activities

	Share capital HK\$	Amount due to ultimate holding company HK\$
As at 1 March 2017 (date of incorporation)	–	–
<i>Changes from financing cash flows</i>		
Proceeds on issuance of one ordinary share	8	–
Advance from ultimate holding company	–	228,260,837
As at 31 March 2018 and 1 April 2018	8	228,260,837
<i>Changes from financing cash flows</i>		
Advance from ultimate holding company	–	12,364
As at 31 March 2019 and 1 April 2019	8	228,273,201
<i>Changes from financing cash flows</i>	–	–
As at 31 May 2019	8	228,273,201
As at 1 April 2018	8	228,260,837
<i>Changes from financing cash flows</i>		
Advance from ultimate holding company	–	12,364
As at 31 May 2018	8	228,273,201



**18. Events after the Relevant Periods**

- (a) No audited financial statements have been prepared in respect of any period subsequent to 31 May 2019.
- (b) Subsequent to the end of the Relevant Periods, on 20 June 2019 (the “**Date of the Jumbo Sale Share Agreement**”), CIH entered into a provisional agreement for the sale and purchase of the entire issued share capital and shareholder’s loan of the Target Company and its subsidiary for a total cash consideration of HK\$280,000,000 (the “**Jumbo Sale Share Agreement**”) with Real Supreme Limited (the “**Vendor**”, a private company incorporated in Anguilla with limited liability and whose registered office is located at OMC Offices, Babrow Building, The Valley, AI-2640 Anguilla, British West Indies).

Up to 9 July 2019, the Vendor has paid HK\$5,000,000 as initial deposit under the Jumbo Sale Share Agreement (representing approximately 1.7857% of the total consideration under the Jumbo Sale Share Agreement).

A further deposit of HK\$23,000,000 was paid on 18 July 2019 with the remaining balance of HK\$252,000,000 to be settled on completion of the Jumbo Sale Share Agreement.



Suite F, 14th Floor, Neich Tower  
128 Gloucester Road, Wanchai  
Hong Kong

6 September 2019

**The Board of Directors  
Eminence Enterprise Limited**

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

Dear Sirs,

**INTRODUCTION**

We report on the historical financial information of Silver Prosper Holdings Limited (the “**Target Company**”) set out on pages 59 to 89, which comprises the statement of financial position as at 31 December 2016, 31 March 2018, 31 March 2019 and 31 May 2019 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended 31 December 2016, period from 1 January 2017 to 31 March 2018, year ended 31 March 2019 and period from 1 April 2019 to 31 May 2019 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages 59 to 89 forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited (the “**Company**”) dated 6 September 2019 (the “**Circular**”) in connection with the Company’s Very Substantial Acquisition – Properties on Davis Street, Kennedy Town, Hong Kong.

**DIRECTORS’ RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The directors of the Target Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**REPORTING ACCOUNTANTS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

**OPINION**

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2016, 31 March 2018, 31 March 2019 and 31 May 2019 and of its financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON  
THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND  
MISCELLANEOUS PROVISIONS) ORDINANCE****Adjustments**

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page 64 have been made.

**Dividends**

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Yours faithfully,

**Cosmos CPA Limited**

*Certified Public Accountants*

**NG Lai Man Carmen**

*Practising Certificate Number P03518*

Hong Kong

**APPENDIX II****FINANCIAL INFORMATION OF  
COMPANY A AND COMPANY B****I. HISTORICAL FINANCIAL INFORMATION****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		Year ended 31 December 2016 <i>HK\$</i>	Period from 1 January 2017 to 31 March 2018 <i>HK\$</i>	Year ended 31 March 2019 <i>HK\$</i>	Period from 1 April to 31 May 2018 <i>HK\$</i>	2019 <i>HK\$</i>
	<i>Notes</i>					
REVENUE	7	5,433,642	7,027,245	4,987,678	867,000	890,000
Cost of services rendered		(2,508,851)	(1,057,860)	(703,701)	(97,649)	(111,748)
Gross Profit		2,924,791	5,969,385	4,283,977	769,351	778,252
Other revenue – Bank interest income		56	21	–	–	–
Gain on changes in fair value of investment properties		10,000,000	74,000,000	10,000,000	–	–
Administrative and general expenses		(211,780)	(1,770,203)	(2,305,937)	(5,900)	(4,250)
Finance costs	8	(1,840,651)	(1,304,989)	(1,786,243)	–	(387,582)
Profit before tax	9	10,872,416	76,894,214	10,191,797	763,451	386,420
Taxation	11	(226,751)	(369,831)	(382)	(87,983)	(15,252)
Profit after tax and total comprehensive income for the Relevant Periods		<u>10,645,665</u>	<u>76,524,383</u>	<u>10,191,415</u>	<u>675,468</u>	<u>371,168</u>
BASIC EARNINGS PER SHARE	12	<u>10,645,665</u>	<u>76,524,383</u>	<u>10,191,415</u>	<u>675,468</u>	<u>371,168</u>

**APPENDIX II****FINANCIAL INFORMATION OF  
COMPANY A AND COMPANY B****STATEMENT OF FINANCIAL POSITION**

		As at 31 December 2016 <i>Notes</i> <i>HK\$</i>	As at 31 March 2018 <i>HK\$</i>	As at 31 March 2019 <i>HK\$</i>	As at 31 May 2018 <i>HK\$</i>	As at 31 May 2019 <i>HK\$</i>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	14	–	12,432	50,132	12,222	49,224
Investment properties	15	<u>224,000,000</u>	<u>298,000,000</u>	<u>308,000,000</u>	<u>298,000,000</u>	<u>308,000,000</u>
Total non-current assets		<u>224,000,000</u>	<u>298,012,432</u>	<u>308,050,132</u>	<u>298,012,222</u>	<u>308,049,224</u>
<b>CURRENT ASSETS</b>						
Accounts and other receivables	16	–	69,020	35,957	71,500	76,757
Tax recoverable		31,801	–	–	–	–
Bank balances and cash		<u>473,639</u>	<u>320,946</u>	<u>548,947</u>	<u>1,115,192</u>	<u>1,064,299</u>
Total current assets		<u>505,440</u>	<u>389,966</u>	<u>584,904</u>	<u>1,186,692</u>	<u>1,141,056</u>
<b>CURRENT LIABILITIES</b>						
Accounts and other payables	17	(95,246,883)	(160,407,561)	(76,848,402)	(69,240,626)	(78,697,909)
Tax payable		–	(160,301)	(160,683)	(248,284)	(15,252)
Secured bank borrowings	18	<u>(67,948,404)</u>	<u>–</u>	<u>(83,600,000)</u>	<u>(91,200,000)</u>	<u>(82,080,000)</u>
Total current liabilities		<u>(163,195,287)</u>	<u>(160,567,862)</u>	<u>(160,609,085)</u>	<u>(160,688,910)</u>	<u>(160,793,161)</u>
Net current liabilities		<u>(162,689,847)</u>	<u>(160,177,896)</u>	<u>(160,024,181)</u>	<u>(159,502,218)</u>	<u>(159,652,105)</u>
Total assets less current liabilities		<u>61,310,153</u>	<u>137,834,536</u>	<u>148,025,951</u>	<u>138,510,004</u>	<u>148,397,119</u>
Net assets		<u>61,310,153</u>	<u>137,834,536</u>	<u>148,025,951</u>	<u>138,510,004</u>	<u>148,397,119</u>
<b>CAPITAL AND RESERVES</b>						
Share capital	19	1	1	1	1	1
Accumulated profits		<u>61,310,152</u>	<u>137,834,535</u>	<u>148,025,950</u>	<u>138,510,003</u>	<u>148,397,118</u>
Total equity		<u>61,310,153</u>	<u>137,834,536</u>	<u>148,025,951</u>	<u>138,510,004</u>	<u>148,397,119</u>

## STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$</i>	Accumulated profits <i>HK\$</i>	Total <i>HK\$</i>
As at 1 January 2016	1	50,664,487	50,664,488
Net profit and total comprehensive income for the year ended 31 December 2016	<u>–</u>	<u>10,645,665</u>	<u>10,645,665</u>
As at 31 December 2016 and 1 January 2017	1	61,310,152	61,310,153
Net profit and total comprehensive income for the period from 1 January 2017 to 31 March 2018	<u>–</u>	<u>76,524,383</u>	<u>76,524,383</u>
As at 31 March 2018 and 1 April 2018	1	137,834,535	137,834,536
Net profit and total comprehensive income for the year ended 31 March 2019	<u>–</u>	<u>10,191,415</u>	<u>10,191,415</u>
As at 31 March 2019 and 1 April 2019	1	148,025,950	148,025,951
Net profit and total comprehensive income for the period from 1 April to 31 May 2019	<u>–</u>	<u>371,168</u>	<u>371,168</u>
As at 31 May 2019	<u>1</u>	<u>148,397,118</u>	<u>148,397,119</u>
As at 1 April 2018	1	137,834,535	137,834,536
Net profit and total comprehensive income for the period from 1 April to 31 May 2018	<u>–</u>	<u>675,468</u>	<u>675,468</u>
As at 31 May 2018	<u>1</u>	<u>138,510,003</u>	<u>138,510,004</u>

## STATEMENT OF CASH FLOWS

		Year ended 31 December 2016	Period from 1 January 2017 to 31 March 2018	Year ended 31 March 2019	Period from 1 April to 31 May 2018	2019
	Notes	HK\$	HK\$	HK\$	HK\$	HK\$
CASH FLOWS FROM						
OPERATING ACTIVITIES						
Profit before tax		10,872,416	76,894,214	10,191,797	763,451	386,420
Adjustments for						
Gain on changes in fair value of investment properties		(10,000,000)	(74,000,000)	(10,000,000)	–	–
Depreciation	9	914,833	168	4,148	210	908
Interest income		(56)	(21)	–	–	–
Interest expenses	8	<u>1,840,651</u>	<u>1,304,989</u>	<u>1,786,243</u>	<u>–</u>	<u>387,582</u>
Operating cash flows before movements in working capital		3,627,844	4,199,350	1,982,188	763,661	774,910
Decrease/(increase) in accounts and other receivables		95,260	(69,020)	33,063	(2,480)	(40,800)
Increase/(decrease) in accounts and other payables		<u>(29,800)</u>	<u>(135,025)</u>	<u>60,177</u>	<u>33,065</u>	<u>(50,493)</u>
Cash generated from operations		3,693,304	3,995,305	2,075,428	794,246	683,617
Hong Kong profits tax paid		<u>(466,631)</u>	<u>(177,729)</u>	<u>–</u>	<u>–</u>	<u>(160,683)</u>
Net cash flows generated from operating activities		<u>3,226,673</u>	<u>3,817,576</u>	<u>2,075,428</u>	<u>794,246</u>	<u>522,934</u>



## APPENDIX II

## FINANCIAL INFORMATION OF COMPANY A AND COMPANY B

		Year ended 31 December 2016 <i>Notes</i> <i>HK\$</i>	Period from 1 January 2017 to 31 March 2018 <i>HK\$</i>	Year ended 31 March 2019 <i>HK\$</i>	Period from 1 April to 31 May 2018 <i>HK\$</i>	2019 <i>HK\$</i>
<b>CASH FLOWS FROM</b>						
<b>INVESTING ACTIVITIES</b>						
Purchase of property, plant and equipment		–	(12,600)	(41,848)	–	–
Interest received		56	21	–	–	–
Net cash flows generated from/ (used in) investing activities		56	(12,579)	(41,848)	–	–
<b>CASH FLOWS FROM</b>						
<b>FINANCING ACTIVITIES</b>						
Advance from a fellow subsidiary	21(b)	–	1,388,912	1,580,511	–	–
Advance from/(repayment to) ultimate holding company	21(b)	–	(2,200,000)	(85,199,847)	(91,200,000)	1,900,000
Advance from former immediate holding company	21(b)	1,728,082	66,106,791	–	–	–
Drawdown of bank loan	21(b)	–	–	91,200,000	91,200,000	–
Repayment of bank loan	21(b)	(3,058,481)	(67,948,404)	(7,600,000)	–	(1,520,000)
Interest paid	21(b)	(1,840,651)	(1,304,989)	(1,786,243)	–	(387,582)
Net cash flows used in financing activities		(3,171,050)	(3,957,690)	(1,805,579)	–	(7,582)
Net increase (decrease) in cash and cash equivalents		55,679	(152,693)	228,001	794,246	515,352
Cash and cash equivalents at the beginning of the year/period		417,960	473,639	320,946	320,946	548,947
Cash and cash equivalents at the end of the year/period, represented by bank balances and cash		473,639	320,946	548,947	1,115,192	1,064,299

**II. NOTES ON THE HISTORICAL FINANCIAL INFORMATION****1. General**

Silver Prosper Holdings Limited (the “**Target Company**”) is a private company incorporated in Hong Kong with limited liability and its registered office is currently located at 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong. During the Relevant Periods, the principal activity of the Target Company was property holding in Hong Kong, and the properties owned by the Target Company are located at Nos. 1B and 1C Davis Street, Kennedy Town, Hong Kong (together referred to as the “**Properties**”).

The directors of the Target Company considered that Jumbo Rainbow Limited (“**Jumbo**”) and Chevalier International Holdings Limited (“**Chevalier**”) to be the respective immediate and ultimate holding company as at 31 May 2019.

Jumbo is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

Chevalier is a public listed company incorporated in Bermuda with limited liability. The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and 22nd Floor, Chevalier Commercial Centre, 8 Wang Hoi Road, Kowloon Bay, Hong Kong respectively. Chevalier has its shares listed on The Stock Exchange of Hong Kong Limited with stock code: 25.

**2. Basis of preparation of Historical Financial Information**

The Historical Financial Information in this report was prepared with reference to the below:

- (i) unaudited management accounts of the Target Company for the year ended 31 December 2016, period from 1 January 2017 to 31 March 2018, year ended 31 March 2019 and period from 1 April 2019 to 31 May 2019 (“**Underlying Financial Statements**”) prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”);
- (ii) audited financial statements of the Target Company for the year ended 31 December 2016 which were audited by Jimmy C H Cheung & Co, Certified Public Accountants, in accordance with Hong Kong Financial Reporting Standard for Private Entities issued by HKICPA; and
- (iii) audited financial statements of the Target Company for the period from 1 January 2017 to 31 March 2018 and year ended 31 March 2019 which were audited by Bentleys C.P.A. Company Limited in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by HKICPA.

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has, throughout the Relevant Periods, consistently adopted HKFRSs.

The Historical Financial Information is presented in Hong Kong dollars (“HK\$” or “HKD”) and all values are rounded to the nearest dollar except when otherwise indicated.

While Chevalier will continue to finance the Target Company prior to the completion of the Very Substantial Acquisition – Properties On Davis Street, Kennedy Town, Hong Kong (the “VSA”) by Eminence Enterprise Limited (the “Company”), the Company has also agreed to continuously provide adequate funds to the Target Company to meet in full its financial obligations as they fall due for the foreseeable future and from the completion date of the VSA to twelve months from 31 May 2019, the directors are therefore confident that Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis. Accordingly, the Historical Financial Information has been prepared on a going concern basis.

### 3. Application of new and revised Hong Kong Financial Reporting Standards

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the Target Company has, throughout the Relevant Periods, consistently adopted HKFRSs, HKASs, amendments and interpretations. The Target Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

The Target Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

### 4. Significant accounting policies

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA except for investment properties which are measured at fair values, and the Hong Kong Companies Ordinance (Cap. 622).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

***Property, plant and equipment***

Property, plant and equipment are stated in the statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

***Investment properties***

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Target Company's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and account for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

***Impairment of non-financial assets***

At the end of the Relevant Periods, the Target Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amounts of assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

*Financial instruments*

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Target Company's ordinary course of business is presented as revenue.

*Financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Target Company recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of the Relevant Periods to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the Relevant Periods. Assessment is done based on the Target Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For these assets, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

#### Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

#### Financial liabilities and equity instruments

##### Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities (including accounts and other payables) are subsequently measured at amortised cost, using the effective interest method.

### Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### ***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.



***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Target Company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

***Borrowing costs***

Borrowing costs not attributable to qualifying assets are recognised in profit or loss in the Relevant Periods in which they are incurred.

***Foreign currencies***

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

***Related parties***

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Target Company;
  - (ii) has significant influence over the Target Company; or
  - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;
- or
- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Target Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Target Company are joint ventures of the same third party;

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

#### **5. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Target Company's accounting policies, which are described in note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### ***Critical judgments in applying accounting policies***

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Target Company's accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

##### ***Deferred taxation on investment properties***

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Target Company's investment properties portfolios and concluded that while the Target Company's investment properties located in Hong Kong are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Target Company's deferred taxation arising from investment properties located in Hong Kong, the directors determined that presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

***Key source of estimation uncertainty***

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

***Investment properties***

The Target Company's investment properties are measured at fair value for financial reporting purposes. The directors have a designated team to determine the appropriate valuation techniques and key inputs for fair value measurements.

In estimating the fair value of the Target Company's investment properties, the Target Company uses market-observable data to the extent they are available. Where Level 1 inputs are not available, the Target Company engages independent firms of qualified professional property valuers to perform valuation of the Target Company's investment properties. At the end of the Relevant Periods, the directors work closely with the independent firms of qualified professional property valuers to establish and determine the appropriate valuation techniques and key inputs for fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Target Company. Information about the valuation techniques and key inputs used in determining the fair value of the Target Company's investment properties is disclosed in note 15.

***Useful lives and impairment of property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property, plant and equipment are evaluated for possible impairment on specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the statement of profit or loss. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2016, 31 March 2018, 31 March 2019 and 31 May 2019, the carrying amount of property, plant and equipment was HK\$Nil, HK\$12,432, HK\$50,132 and HK\$49,224 (31 May 2018: HK\$12,222), respectively. No impairment had been recognised during the Relevant Periods.

**6. Capital management**

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Target Company consists of net debts, which includes the amounts due to a fellow subsidiary, ultimate holding company and former immediate holding company, and bank loans as disclosed in the respective notes 17 and 18 and equity attributable to the owner of the Target Company.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the Target Company will balance its overall capital structure through new share issues as well as raising of debts.

Further, Chevalier and the Company respectively confirmed their willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain the Target Company as a going concern prior to the completion of the VSA and after the completion of the VSA to the coming twelve months from 31 May 2019.

### *Financial instruments*

#### *Categories of financial instruments*

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
<i>Financial assets</i>					
Accounts and other receivables	–	69,020	35,957	71,500	76,757
Bank balances and cash	<u>473,639</u>	<u>320,946</u>	<u>548,947</u>	<u>1,115,192</u>	<u>1,064,299</u>
<i>Financial liabilities</i>					
Accounts and other payables	(95,246,883)	(160,407,561)	(76,848,402)	(69,240,626)	(78,697,909)
Secured bank borrowings	<u>(67,948,404)</u>	<u>–</u>	<u>(83,600,000)</u>	<u>(91,200,000)</u>	<u>(82,080,000)</u>

#### *Financial risk management objectives and policies*

The Target Company's major financial instruments include the amount due to a fellow subsidiary, ultimate holding company and former immediate holding company, and bank borrowings. Details of these financial instruments are disclosed in notes 17 and 18, respectively. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Liquidity risk*

The Target Company relies on Chevalier and bank borrowings as a significant source of liquidity. Chevalier will continue to finance the Target Company prior to the completion of the VSA and the Company has also agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future and to maintain the Target Company as a going concern from the completion date of the VSA to the coming twelve months from 31 May 2019, the directors are therefore confident that the Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

Save for the bank borrowings, all other financial liabilities are non-interest bearing and their maturity dates are within one year or on demand.

*Currency risk*

All of the Target Company's monetary assets and liabilities are denominated in HK\$ and therefore the exchange rate risk to the Target Company is not significant.

*Interest rate risk*

The Company's interest rate risk arises from bank borrowings. Majority of the Target Company's bank borrowings carry interests at floating rates and expose the Target Company to cash flow interest rate risk. The Target Company has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

If interest rates had been 50 basis points higher or lower for its variable rate borrowings and all other variables were held constant, the Target Company's post-tax profit for the year ended 31 December 2016, period from 1 January 2017 to 31 March 2018, year ended 31 March 2019 and period from 1 April 2019 to 31 May 2019 would decrease/increase by HK0.3 million, HK\$Nil, HK\$0.3 million and HK\$0.06 million, respectively.

*Fair value*

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate to their fair values.

## APPENDIX II

## FINANCIAL INFORMATION OF COMPANY A AND COMPANY B

### 7. Revenue

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
Rental income	<u>5,433,642</u>	<u>7,027,245</u>	<u>4,987,678</u>	<u>867,000</u>	<u>890,000</u>

### 8. Finance costs

The Target Company's profit before tax is arrived at after charging:

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
Interest on bank borrowings	<u>1,840,651</u>	<u>1,304,989</u>	<u>1,786,243</u>	<u>–</u>	<u>387,582</u>

### 9. Profit before tax

The Target Company's profit before tax is arrived at after charging (crediting):

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
Auditor's remuneration					
Current year/period	16,500	32,000	22,500	5,400	3,750
Overprovision in prior year/period	–	–	(11,000)	–	–
Bad debts written off	–	192,391	–	–	–
Depreciation	914,833	168	4,148	210	908
Gross rental income less direct operating expenses (exclude depreciation)	<u>(3,839,624)</u>	<u>(5,969,553)</u>	<u>(4,288,125)</u>	<u>(769,561)</u>	<u>(779,160)</u>

**10. Directors' remuneration and five highest paid employees****(i) Directors' remuneration**

The directors of the Target Company during the Relevant Periods were:

Mr. KUOK Hoi Sang	(appointed on 25 August 2017)
Mr. TAM Kwok Wing	(appointed on 25 August 2017)
Mr. HO Chung Leung	(appointed on 25 August 2017)
Mr. MA Chi Wing	(appointed on 25 August 2017)
Ms. CHOW Vi Vi	(appointed on 25 August 2017)
Ms. Allan Victoria Louise	(resigned on 25 August 2017)
Mr. Allardice Michael Graham	(resigned on 25 August 2017)
(alternative director to Ms. Allan Victoria Louise)	
Ocean Target Group Limited	(resigned on 25 August 2017)

No remuneration was paid to these directors during the Relevant Periods and no remuneration was waived by these directors during the Relevant Periods.

**(ii) Employees' remuneration**

The Target Company has no employee, thus no remuneration was paid to any employees during the Relevant Periods.

**11. Taxation**

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
Provision for the year/period	246,751	437,434	–	117,983	35,252
Tax concessions	(20,000)	(30,000)	–	(30,000)	(20,000)
Under/(over) provision in prior years	–	(37,603)	382	–	–
Income tax expenses	<u>226,751</u>	<u>369,831</u>	<u>382</u>	<u>87,983</u>	<u>15,252</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for year ended 31 December 2016 and period from 1 January 2017 to 31 March 2018, period from 1 April 2018 to 31 May 2018 and period from 1 April 2019 to 31 May 2019.

Hong Kong Profits Tax has not been provided for the year ended 31 March 2019, as the Target Company has no assessable profits for that year.

**APPENDIX II****FINANCIAL INFORMATION OF  
COMPANY A AND COMPANY B**

A reconciliation of the tax expenses applicable to profit before tax at the statutory rate to the tax expenses is as follows:

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
Profit before tax	<u>10,872,416</u>	<u>76,894,214</u>	<u>10,191,797</u>	<u>763,451</u>	<u>386,420</u>
Tax at the statutory tax rate of 16.5%	1,793,949	12,687,545	1,681,647	125,969	63,759
Tax effect of expenses not deductible for tax purpose	–	9,405	–	–	–
Tax effect of income that are not taxable	(1,650,009)	(12,210,004)	(1,650,000)	–	–
Tax effect of deductible temporary differences not recognised	102,811	(49,512)	(52,262)	(7,986)	(7,892)
Utilisation of tax losses previously not recognised	–	–	–	–	(20,615)
Tax effect of tax loss not recognised	–	–	20,615	–	–
Tax concession	(20,000)	(30,000)	–	(30,000)	(20,000)
Under/(over) provision in prior years	<u>–</u>	<u>(37,603)</u>	<u>382</u>	<u>–</u>	<u>–</u>
Income tax expenses	<u>226,751</u>	<u>369,831</u>	<u>382</u>	<u>87,983</u>	<u>15,252</u>

At 31 March 2019, the Target Company has unused tax losses arising in Hong Kong of HK\$124,943 (31 December 2016, 31 March 2018, 31 May 2018 and 31 May 2019: HK\$Nil) that are available indefinitely for offsetting against its future taxable profits.

The directors considered that the deferred tax liabilities/assets as at the end of the Relevant Periods are not significant.



**12. Basic earnings per share**

As only one ordinary share was in issue during the Relevant Periods, the basic earnings per share is equal to the net profit for the Relevant Periods.

There were no potential dilutive shares in existence during the Relevant Periods.

**13. Dividends**

No dividends have been paid by the Target Company in respect of the Relevant Periods.

**14. Property, plant and equipment**

	<b>Furniture and fixtures <i>HK\$</i></b>	<b>Leasehold improvements <i>HK\$</i></b>	<b>Household equipment <i>HK\$</i></b>	<b>Total <i>HK\$</i></b>
<b>Costs:</b>				
As at 1 January 2016, 31 December 2016 and 1 January 2017	94,249	4,479,923	–	4,574,172
Addition	–	–	12,600	12,600
As at 31 March 2018 and 1 April 2018	94,249	4,479,923	12,600	4,586,772
Addition	–	–	41,848	41,848
As at 31 March 2019 and 31 May 2019	94,249	4,479,923	54,448	4,628,620

## APPENDIX II

## FINANCIAL INFORMATION OF COMPANY A AND COMPANY B

	Furniture and fixtures <i>HK\$</i>	Leasehold improvements <i>HK\$</i>	Household equipment <i>HK\$</i>	Total <i>HK\$</i>
<b>Accumulated depreciation:</b>				
As at 1 January 2016	75,400	3,583,939	–	3,659,339
Depreciation	<u>18,849</u>	<u>895,984</u>	<u>–</u>	<u>914,833</u>
As at 31 December 2016 and 1 January 2017	94,249	4,479,923	–	4,574,172
Depreciation	<u>–</u>	<u>–</u>	<u>168</u>	<u>168</u>
As at 31 March 2018 and 1 April 2018	94,249	4,479,923	168	4,574,340
Depreciation	<u>–</u>	<u>–</u>	<u>4,148</u>	<u>4,148</u>
As at 31 March 2019 and 1 April 2019	94,249	4,479,923	4,316	4,578,488
Depreciation	<u>–</u>	<u>–</u>	<u>908</u>	<u>908</u>
As at 31 May 2019	<u>94,249</u>	<u>4,479,923</u>	<u>5,224</u>	<u>4,579,396</u>
<b>Net carrying amounts:</b>				
As at 31 May 2019	<u>–</u>	<u>–</u>	<u>49,224</u>	<u>49,224</u>
As at 31 March 2019	<u>–</u>	<u>–</u>	<u>50,132</u>	<u>50,132</u>
As at 31 March 2018	<u>–</u>	<u>–</u>	<u>12,432</u>	<u>12,432</u>
As at 31 December 2016	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 December 2015	<u>18,849</u>	<u>895,984</u>	<u>–</u>	<u>914,833</u>
<b>Costs:</b>				
As at 1 April 2018 and 31 May 2018	<u>94,249</u>	<u>4,479,923</u>	<u>12,600</u>	<u>4,586,772</u>
<b>Accumulated depreciation:</b>				
As at 1 April 2018	94,249	4,479,923	168	4,574,340
Depreciation	<u>–</u>	<u>–</u>	<u>210</u>	<u>210</u>
As at 31 May 2018	<u>94,249</u>	<u>4,479,923</u>	<u>378</u>	<u>4,574,550</u>
<b>Net carrying amounts:</b>				
As at 31 May 2018	<u>–</u>	<u>–</u>	<u>12,222</u>	<u>12,222</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Furniture and fixtures	5 years
Leasehold improvements	5 years
Household equipment	10 years

#### 15. Investment properties

<i>Fair value</i>	<i>HK\$</i>
As at 1 January 2016	214,000,000
Increase in fair value recognised in profit or loss	<u>10,000,000</u>
As at 31 December 2016 and 1 January 2017	224,000,000
Increase in fair value recognised in profit or loss	<u>74,000,000</u>
As at 31 March 2018 and 1 April 2018	298,000,000
Increase in fair value recognised in profit or loss	<u>10,000,000</u>
As at 31 March 2019 and 1 April 2019	308,000,000
Increase in fair value recognised in profit or loss	<u>—</u>
As at 31 May 2019	<u><u>308,000,000</u></u>
As at 1 April 2018	298,000,000
Increase in fair value recognised in profit or loss	<u>—</u>
As at 31 May 2018	<u><u>298,000,000</u></u>

As at the end of the Relevant Periods, the Properties have been pledged to a bank for securing general banking facilities granted to the Target Company (notes 18 and 22).

All the Properties are situated in Hong Kong and are held under long-term leases. They are held to earn rentals and are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Target Company's investment properties as at the end of the Relevant Periods were arrived with reference to the basis of valuation carried out by Knight Frank Petty Limited, an independent firm of qualified professional property valuers not connected with the Target Company and the Company.

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

<b>Investment properties held by the Target Company</b>	<b>Residential and retail units in Hong Kong</b>
<b>Fair value</b>	
– At 31 May 2019	HK\$308,000,000
– At 31 March 2019	HK\$308,000,000
– At 31 May 2018	HK\$298,000,000
– At 31 March 2018	HK\$298,000,000
– At 31 December 2016	HK\$224,000,000
– At 1 January 2016	HK\$214,000,000
<b>Fair value hierarchy</b>	Level 3
<b>Valuation techniques and key inputs</b>	Direct comparison method
	– based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property
<b>Significant unobservable inputs</b>	Price per square foot, using market direct comparables and taking into account of location, age and other individual factors, which is ranged from:
	– For residential units
	– HK\$31,819 to HK\$33,753 at 31 May 2019
	– HK\$31,819 to HK\$33,753 at 31 March 2019
	– HK\$30,688 to HK\$31,646 at 31 March 2018
	– HK\$30,688 to HK\$31,646 at 31 May 2018
	– HK\$23,548 to HK\$25,000 at 31 December 2016
	– HK\$21,886 to HK\$23,142 at 1 January 2016
	– For retail units
	– HK\$52,397 to HK\$82,708 at 31 May 2019
	– HK\$52,397 to HK\$82,708 at 31 March 2019
	– HK\$60,057 to HK\$84,727 at 31 March 2018
	– HK\$60,057 to HK\$84,727 at 31 May 2018
	– HK\$41,574 to HK\$55,814 at 31 December 2016
	– HK\$42,364 to HK\$53,659 at 1 January 2016
<b>Sensitivity</b>	The higher the price per square foot, the higher the fair value

**16. Accounts and other receivables**

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Accounts receivable	–	43,020	8,920	43,000	49,720
Temporary payment	–	–	1,037	–	1,037
Deposit paid	–	26,000	26,000	28,500	26,000
	<u>–</u>	<u>69,020</u>	<u>35,957</u>	<u>71,500</u>	<u>76,757</u>

The Target Company did not grant any credit period to its tenants in property investment segment. The aged analysis of accounts receivable, based on the invoice date, at the end of the Relevant Periods is as follows:

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
0–60 days	–	43,000	20	43,000	49,700
61–90 days	–	–	8,900	–	20
91–120 days	–	–	–	–	–
121–150 days	–	20	–	–	–
	<u>–</u>	<u>43,020</u>	<u>8,920</u>	<u>43,000</u>	<u>49,720</u>

The management closely monitors the credit quality of accounts and other receivables and considers accounts and other receivables that are neither past due nor impaired to be of good credit quality.

The following is aged analysis of accounts receivable which were past due at the end of the Relevant Periods but not impaired:

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Overdue by 1 to 60 days	–	–	8,900	–	10,720
Overdue by 61 to 90 days	–	–	–	–	–
Overdue by 91 to 120 days	–	20	–	–	–
	<u>–</u>	<u>20</u>	<u>8,900</u>	<u>–</u>	<u>10,720</u>

No credit loss allowance has been recognised on the accounts and other receivables as the directors of the Target Company consider that the amount is immaterial.

**17. Accounts and other payables**

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Accounts payable	–	–	48,815	–	–
Deposit received	1,112,660	867,000	890,000	867,000	890,000
Rental received in advance	–	67,000	72,500	95,162	72,500
Accruals and other payables	16,200	59,835	40,557	64,738	38,839
Temporary receipt	–	–	2,140	–	2,180
Amount due to a fellow subsidiary	–	1,388,912	2,969,423	1,388,912	2,969,423
Amount due to ultimate holding company	–	158,024,814	72,824,967	66,824,814	74,724,967
Amount due to former immediate holding company	<u>94,118,023</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>95,246,883</u>	<u>160,407,561</u>	<u>76,848,402</u>	<u>69,240,626</u>	<u>78,697,909</u>

The aged analysis of accounts payable is determined based on the invoice date, at the end of the Relevant Periods. The average credit period is 30 days and aged within 30 days.

The amounts due to a fellow subsidiary, ultimate holding company and former immediate holding company are unsecured, interest-free, repayable on demand and dominated in Hong Kong dollars.

**18. Secured bank borrowings**

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Carrying amount repayable as follows: (based on the scheduled repayment dates set out in the loan agreements):					
– within one year	3,059,125	–	9,120,000	9,120,000	9,120,000
– within a period of more than one year but not exceeding two years	3,246,016	–	9,120,000	9,120,000	9,120,000
– within a period of more than two years but not exceeding five years	10,128,352	–	27,360,000	27,360,000	27,360,000
– within a period of more than five years	51,514,911	–	38,000,000	45,600,000	36,480,000
	<u>67,948,404</u>	<u>–</u>	<u>83,600,000</u>	<u>91,200,000</u>	<u>82,080,000</u>

At 31 May 2019, the Target Company's secured bank borrowings, denominated in HKD, carry interest ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.9% (31 March 2019: HIBOR plus 0.9%; 31 May 2018: HIBOR plus 0.9%; 31 March 2018: nil; 31 December 2016: HIBOR plus 2.2%/2.3%/2.5%) per annum, with effective interest ranging from 2.5% to 3.1% (31 March 2019: 1.9% to 3.1%; 31 May 2018: nil; 31 March 2018: 2.5% to 2.8%; 31 December 2016: 2.5% to 2.6%) per annum.

The loans are secured by investment properties of the Target Company with an aggregate carrying amount of HK\$308,000,000 at 31 May 2019 (31 March 2019: HK\$308,000,000; 31 May 2018: HK\$298,000,000; 31 March 2018: HK\$298,000,000; 31 December 2016: HK\$224,000,000).

**19. Share capital**

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Issued and fully paid	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Number of ordinary share with no par value	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

**20. Related party transactions**

In addition to the transactions and balances detailed elsewhere in these Historical Financial Information, the Target Company had the following related party transactions during the Relevant Periods:

	Year ended 31 December 2016 HK\$	Period from 1 January 2017 to 31 March 2018 HK\$	Year ended 31 March 2019 HK\$	Period from 1 April to 31 May 2018 HK\$	2019 HK\$
<i>Chevalier</i>					
Corporate guarantee fee	–	–	684,000	–	–
<i>Fellow subsidiaries</i>					
Accounting and secretarial fees	–	29,000	33,000	–	–
Building and tenancy management service fee	–	152,000	249,000	–	–
General and administrative fee	–	37,000	46,000	–	–
Legal retainer fee	–	22,000	24,000	–	–
Management fee	–	112,000	119,000	–	–
Property development consultancy fee	–	984,000	1,005,000	–	–
<i>Former related company</i>					
Building management fee	<u>562,204</u>	<u>421,948</u>	<u>–</u>	<u>–</u>	<u>–</u>

In the opinion of the directors, the above related party transactions were carried out in the normal course of business and on terms mutually agreed between the parties involved.

Ms. Allan Victoria Louise (resigned as a director of the Target Company on 25 August 2017), controls the former related company, Habitat Property Management Limited, to which building management fee was paid.



## 21. Notes to statement of cash flows

(a) *Major non-cash transaction*

On 18 May 2017, Jumbo entered into a provisional agreement to acquire 100% equity interest in Silver Prosper. The then amount due to the former immediate holding company of HK\$160,224,814 was ultimately transferred to Chevalier on completion in August 2017.

(b) *Reconciliation of liabilities arising from financing activities*

		Amount due to a fellow subsidiary	Amount due to ultimate holding company	Amount due to former immediate holding company
	Secured bank borrowings HK\$	to a fellow subsidiary HK\$	to ultimate holding company HK\$	to former immediate holding company HK\$
As at 1 January 2016	71,006,885	–	–	92,389,941
<i>Changes from financing cash flows</i>				
Repayment of bank loans	(3,058,481)	–	–	–
Interest paid	(1,840,651)	–	–	–
Advance from former immediate holding company	–	–	–	1,728,082
<i>Other changes</i>				
Interest expenses	1,840,651	–	–	–
As at 31 December 2016 and 1 January 2017	67,948,404	–	–	94,118,023
<i>Changes from financing cash flows</i>				
Repayment of bank loans	(67,948,404)	–	–	–
Interest paid	(1,304,989)	–	–	–
Advance from former immediate holding company	–	–	–	66,106,791
Advance from a fellow subsidiary	–	1,388,912	–	–
Repayment to ultimate holding company	–	–	(2,200,000)	–
<i>Other changes</i>				
Interest expenses	1,304,989	–	–	–
Transfer of current accounts (note 21(a))	–	–	160,224,814	(160,224,814)
As at 31 March 2018 and 1 April 2018	–	1,388,912	158,024,814	–

## APPENDIX II

## FINANCIAL INFORMATION OF COMPANY A AND COMPANY B

	Secured bank borrowings HK\$	Amount due to a fellow subsidiary HK\$	Amount due to ultimate holding company HK\$	Amount due to former immediate holding company HK\$
<i>Changes from financing cash flows</i>				
Drawdown of bank loan	91,200,000	–	–	–
Repayment of bank loan	(7,600,000)	–	–	–
Interest paid	(1,786,243)	–	–	–
Advance from a fellow subsidiary	–	1,580,511	–	–
Repayment to ultimate holding company	–	–	(85,199,847)	–
<i>Other changes</i>				
Interest expenses	<u>1,786,243</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 March 2019 and 1 April 2019	83,600,000	2,969,423	72,824,967	–
<i>Changes from financing cash flows</i>				
Repayment of bank loan	(1,520,000)	–	–	–
Interest paid	(387,582)	–	–	–
Advance from ultimate holding company	–	–	1,900,000	–
<i>Other changes</i>				
Interest expenses	<u>387,582</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 May 2019	<u>82,080,000</u>	<u>2,969,423</u>	<u>74,724,967</u>	<u>–</u>
As at 1 April 2018	–	1,388,912	158,024,814	–
<i>Changes from financing cash flows</i>				
Drawdown of bank loan	91,200,000	–	–	–
Repayment to ultimate holding company	<u>–</u>	<u>–</u>	<u>(91,200,000)</u>	<u>–</u>
As at 31 May 2018	<u>91,200,000</u>	<u>1,388,912</u>	<u>66,824,814</u>	<u>–</u>

**22. Pledge of assets**

As at 31 December 2016, the Properties had been pledged together with guarantees given by a former director and certain shareholders of the former ultimate holding company in favour of a bank in Hong Kong for securing general banking facilities granted to the Target Company. The related secured bank loans were fully repaid during the period from 1 January 2017 to 31 March 2018.

As at 31 March 2019, 31 May 2019, the Properties together with rental assignment have been pledged to another bank in Hong Kong for securing general banking facilities granted to the Target Company. Corporate guarantee has been given by Chevalier in respect of such banking facilities.

**23. Operating lease arrangements***The Target Company as lessor*

At the end of the Relevant Periods, the Target Company had contracted with tenants for the following future minimum lease payments:

	As at 31 December 2016 HK\$	As at 31 March 2018 HK\$	As at 31 March 2019 HK\$	As at 31 May 2018 HK\$	As at 31 May 2019 HK\$
Within one year	4,510,000	3,062,578	5,068,400	2,222,675	4,990,800
In the second to fifth year inclusive	2,912,482	47,097	2,735,559	–	1,923,159
	<u>7,422,482</u>	<u>3,109,675</u>	<u>7,803,959</u>	<u>2,222,675</u>	<u>6,913,959</u>

Under the leases entered into by the Target Company, the lease payments are fixed and no arrangements have been entered into for contingent rental payments. The properties held have committed tenants for terms of one year to two years.

**24. Event after the Relevant Periods**

- (1) Up to the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 31 March 2019.



Suite F, 14th Floor, Neich Tower  
128 Gloucester Road, Wanchai  
Hong Kong

6 September 2019

**The Board of Directors**  
**Eminence Enterprise Limited**

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

Dear Sirs,

**INTRODUCTION**

We report on the historical financial information of Extra Glory Limited (the “**Target Company**”) set out on pages 93 to 107, which comprises the statement of financial position as at 9 July 2019 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 12 April 2019 (date of incorporation) to 9 July 2019 (the “**Relevant Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages 93 to 107 forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited (the “**Company**”) dated 6 September 2019 (the “**Circular**”) in connection with the Company’s Very Substantial Acquisition – Properties On Davis Street, Kennedy Town, Hong Kong.

**DIRECTOR’S RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION**

The sole director of the Target Company is responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information, and for such internal control as the sole director determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

**REPORTING ACCOUNTANTS’ RESPONSIBILITY**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants’ Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **OPINION**

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Target Company's financial position as at 9 July 2019 and of its financial performance and cash flows for the Relevant Period in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

### **REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

#### **Adjustments**

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page 96 have been made.

#### **Dividends**

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Period.

**No historical financial statements for the Target Company**

As at the date of this report, no statutory financial statements have been prepared for the Target Company since its date of incorporation.

Yours faithfully,

**Cosmos CPA Limited**

*Certified Public Accountants*

**NG Lai Man Carmen**

*Practising Certificate Number P03518*

Hong Kong

**I. HISTORICAL FINANCIAL INFORMATION****STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	<i>Notes</i>	<i>HK\$</i>
<b>REVENUE</b>	7	—
<i>Less:</i> Administrative expenses		—
Other operating expenses		—
Finance costs		—
<b>PROFIT/LOSS BEFORE TAX</b>	8	—
Taxation	10	—
<b>NET PROFIT/LOSS FOR THE RELEVANT PERIOD</b>		—
Other comprehensive income		—
<b>TOTAL COMPREHENSIVE INCOME FOR THE RELEVANT PERIOD</b>		—
<b>BASIC PROFIT/LOSS PER SHARE</b>	11	—

## STATEMENT OF FINANCIAL POSITION

*As at 9 July 2019*

	<i>Notes</i>	<i>HK\$</i>
<b>ASSETS AND LIABILITIES</b>		
<b>NON-CURRENT ASSET</b>		
Deposits paid for acquisition of investment properties		<u>9,000,000</u>
		<u>9,000,000</u>
<b>CURRENT LIABILITY</b>		
Amount due to the sole director/shareholder	<i>13</i>	<u>(8,999,992)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(8,999,992)</u>
<b>NET ASSETS</b>		<u><u>8</u></u>
<b>EQUITY</b>		
Share capital	<i>14</i>	8
Retained earnings/accumulated losses		<u>—</u>
<b>TOTAL EQUITY</b>		<u><u>8</u></u>

## STATEMENT OF CHANGES IN EQUITY

*Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	Share capital <i>HK\$</i>	Retained earnings/ accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Issuance of one ordinary share of US\$1.00 – <i>Note 14</i>	8	—	8
Total comprehensive income for the Relevant Period	<u>—</u>	<u>—</u>	<u>—</u>
As at 9 July 2019	<u><u>8</u></u>	<u><u>—</u></u>	<u><u>8</u></u>



**STATEMENT OF CASH FLOWS***Period from 12 April 2019 (date of incorporation) to 9 July 2019*

	<i>Notes</i>	<b>HK\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/loss before tax	8	—
Adjustment		—
Operating profit/loss before movements in working capital and cash generated from/used in operations		—
Income tax paid		—
<b>NET CASH FROM/USED IN OPERATING ACTIVITIES</b>		—
<b>CASH FLOWS FROM INVESTING ACTIVITY</b>		
Deposits paid for acquisition of investment properties		(9,000,000)
<b>NET CASH USED IN INVESTING ACTIVITY</b>		(9,000,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of one ordinary share	15	8
Advance from the sole director/shareholder	15	8,999,992
<b>NET CASH FROM FINANCING ACTIVITIES</b>		9,000,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		—
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE RELEVANT PERIOD</b>		—
<b>CASH AND CASH EQUIVALENTS AT END OF THE RELEVANT PERIOD</b>		—
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances		—

**II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION****1. General**

Extra Glory Limited (the “**Target Company**”) is a private company incorporated in Anguilla with limited liability and its registered office is located at OMC Offices, Babrow Building, The Valley, AI-2640 Anguilla, British West Indies. During the Relevant Period, the principal activity of the Target Company was property investment in Hong Kong.

The sole member of the Target Company (the “**Seller**”) entered into an agreement with Above Ace Limited (“**AAL**”, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Eminence Enterprise Limited, the “**Company**”) on 9 July 2019 (the “**Agreement for Sale and Purchase**”), pursuant to which amongst other things and as part of the agreement, AAL conditionally agreed to buy, and the Seller agreed to sell, the entire issued share capital of the Target Company and a related shareholder loan at an aggregate consideration of HK\$153,832,500, subject to adjustment.

Upon completion of the Agreement for Sale and Purchase, AAL and the Company will respectively become the immediate and ultimate holding company of the Target Company.

The Historical Financial Information is presented in Hong Kong dollars (“**HK\$**” or “**HKD**”), which is the same as the functional and presentation currency of the Target Company, and all values are rounded to the nearest dollar except when otherwise indicated.

**2. Basis of preparation of Historical Financial Information**

No statutory audited financial statements of the Target Company for the Relevant Period have been prepared as it was newly incorporated since 12 April 2019 and there are no statutory audit requirements under the relevant rules and regulations in Anguilla. The Historical Financial Information in this report was prepared based on management accounts of the Target Company for the Relevant Period. The sole director of the Target Company has prepared the financial statements (“**Underlying Financial Statements**”) for the Relevant Period in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

As the sole shareholder of the Target Company and the Company have respectively agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in foreseeable future and be able to operate on a going concern basis. Accordingly, the Underlying Financial Statements have been prepared on a going concern basis.

**3. Application of new and revised Hong Kong Financial Reporting Standards**

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Period, the Target Company has, throughout the Relevant Period, consistently adopted HKFRSs, HKASs, amendments and interpretations. The Target Company has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2020.

The Target Company is in the process of making an assessment of what the impact of these new and revised HKFRSs is expected to be in the period of initial application. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

**4. Significant accounting policies**

The Historical Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Target Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The significant accounting policies are set out below.

***Financial instruments***

Financial assets and financial liabilities are recognised when the Target Company becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the Relevant Period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Target Company's ordinary course of business is presented as revenue.

### Financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Target Company recognises a loss allowance for expected credit loss (“ECL”) on financial assets which are subject to impairment under HKFRS 9. The amount of ECL is updated at the end of the Relevant Period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the Relevant Period. Assessment is done based on the Target Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

For these assets, the Target Company measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Target Company recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

### Derecognition of financial assets

The Target Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Target Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Target Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

## Financial liabilities and equity instruments

### Classification as debt or equity

Debt and equity instruments issued by the Target Company are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. Equity instruments issued by the Target Company are recognised at the proceeds received, net of direct issue costs.

### Financial liabilities

Financial liabilities (including amount due to the sole director/shareholder) are subsequently measured at amortised cost, using the effective interest method.

### Derecognition of financial liabilities

The Target Company derecognises financial liabilities when, and only when, the Target Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## ***Taxation***

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Company expects, at the end of the Relevant Period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### ***Leasing***

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Target Company as lessor***

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### ***Related parties***

A party is considered to be related to the Target Company if:

- (a) the party is a person or a close member of that person's family and that person:
  - (i) has control or joint control over the Target Company;
  - (ii) has significant influence over the Target Company; or
  - (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

or

- (b) the party is an entity where any of the following conditions applies:
  - (i) the entity and the Target Company are members of the same group;
  - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
  - (iii) the entity and the Target Company are joint ventures of the same third party;
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;
  - (vi) the entity is controlled or jointly controlled by a person identified in (a);
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

## **5. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Target Company's accounting policies, which are described in note 4, the sole director is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.



**6. Capital management**

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balances. The Target Company's overall strategy remains unchanged throughout the Relevant Period.

The capital structure of the Target Company consists of net debts, which includes the amount due to the sole director/shareholder as disclosed in note 13 and equity attributable to the owner of the Target Company.

The sole director reviews the capital structure on a regular basis. As part of this review, the sole director considers the cost of capital and the risks associated with the capital. Based on recommendations of the sole director, the Target Company will balance its overall capital structure through new share issues as well as raising of debts.

Further, the existing shareholder of the Target Company and the Company respectively confirmed their willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain the Target Company as a going concern prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019.

***Financial instruments******Categories of financial instruments***

HK\$

**Financial liabilities**

Amortised cost

Amount due to the sole director/shareholder	8,999,992
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***Financial risk management objectives and policies***

The Target Company's major financial instrument includes the amount due to the sole director/shareholder. Details of this financial instrument are disclosed in note 13. The risks associated with this financial instrument and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

*Liquidity risk*

The Target Company relies on the sole director/shareholder as a significant source of liquidity. The sole shareholder of the Target Company and the Company have respectively agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future prior to the completion of the Agreement for Sale and Purchase and after the completion of the Agreement for Sale and Purchase to the coming twelve months from 9 July 2019, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

*Fair value*

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The sole director considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

**7. Revenue**

The Target Company has no turnover during the Relevant Period.

**8. Profit/loss before tax**

There are no supporting documents provided by the sole director/shareholder of the Target Company as to verify the quantum of formation expense and solicitors' fees incurred by the Target Company. The sole director/shareholder has agreed to absorb the abovementioned costs incurred during the Relevant Period and no separate disclosure was made for the above expenses.

**9. Director's remuneration and five highest paid employees***(i) Director's remuneration*

No remuneration was paid to the Target Company's sole director during the Relevant Period and no remuneration was waived by the sole director during the Relevant Period.

*(ii) Employees' remuneration*

The Target Company has no employee, thus no remuneration was paid to any employees during the Relevant Period.

**10. Taxation**

No provision for taxation has been made as the Target Company had no revenue earned during the Relevant Period. There are no material deferred tax liabilities/assets as at the end of the Relevant Period.

**11. Basic profit/loss per share**

As only one ordinary share was in issue during the Relevant Period, the basic profit/loss per share is equal to the net profit/loss for the Relevant Period.

There were no potential dilutive shares in existence during the Relevant Period.

**12. Dividends**

No dividends have been paid by the Target Company in respect of the Relevant Period.

**13. Amount due to the sole director/shareholder**

The amount due to sole director/shareholder is unsecured and interest-free. As mentioned in note 17 to the Historical Financial Information, the loan is to be disposed of to the new shareholder, the new shareholder and the sole director/shareholder have confirmed not to demand payment within 12 months after the Relevant Period.

**14. Share capital**

**9 July 2019**  
HK\$

*Authorised:*

1,000,000 ordinary shares of US\$1.00 each	<u><u>7,800,000</u></u>
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*Issued and fully paid:*

One ordinary share of US\$1.00 each	<u><u>8</u></u>
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The Target Company was incorporated on 12 April 2019 with an authorised share capital of US\$1,000,000 divided into 1,000,000 ordinary shares of US\$1.00 each. On 31 May 2019, one ordinary share of US\$1.00 was issued at par to the sole member to meet the initial capital requirement. Other than the above, there were no changes in the Target Company's authorised, issued, and fully paid share capital during the Relevant Period.

**15. Note to statement of cash flows****(a) Reconciliation of liabilities arising from financing activities**

	Share capital HK\$	Amount due to the sole director/ shareholder HK\$
<i>Changes from financing cash flows</i>		
Proceeds on issuance of one ordinary share	8	-
Advance from the sole director/shareholder	-	8,999,992
	8	8,999,992
As at 9 July 2019	8	8,999,992

**16. Capital commitments**

During the Relevant Period, the Target Company entered into 8 provisional agreements for the sale and purchase (altogether the “**Property Purchase Agreements**”) of the following properties (“**Properties**”) situated at No. 1D and 1E Davis Street, Kennedy Town, Hong Kong at a total cash consideration of HK\$344,500,000.

- (i) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1D Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 8 of Section A of Marine Lot No. 245); and
- (ii) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 1 of Section A of Marine Lot No. 245).

At the time of signing of the Property Purchase Agreements, there were 7 tenancy/licence agreements in force for:

- G/F, No. 1D Davis Street, Kennedy Town, Hong Kong; and
- G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong.

Up to 9 July 2019, the Target Company has paid initial deposits of HK\$9,000,000.

Up to the date of this report, a total deposits of HK\$34,450,000 was paid under the Property Purchase Agreements (representing approximately 10.00% of the total consideration under all the Property Purchase Agreements) to the property vendors. Stamp duty of HK\$77,482,500 and HK\$3,400,000 was paid on 25 July 2019 and 29 July 2019 respectively. Upon completion of the Property Purchase Agreements, the Target Company will have to pay the balance of the consideration in the sum of HK\$310,050,000 to the property vendors. Details of the subsequent settlements of the balance payment are detailed in note 19 to the Historical Financial Information.

According to the Property Purchase Agreements, the Target Company is not required to pay any commission fee to the property agents.

**17. Sale share and sale loan agreement**

The sole member of the Target Company entered into an agreement with AAL on 9 July 2019, pursuant to which amongst other things and as part of the agreement, to sell his entire shareholding and entire loan in the Target Company to AAL at total cash consideration of HK\$153,832,500, subject to adjustment. The transaction is expected to be completed on 23 September 2019 or such other date as the parties may agree in writing.

**18. Related party transactions**

The Target Company had no other transactions with related parties during the Relevant Period.

**19. Events after the Relevant Period**

- (a) No audited financial statements have been prepared in respect of any period subsequent to 9 July 2019.
- (b) Subsequent to 9 July 2019 and up to the date of this report, the Target Company paid a total of HK\$25,450,000 as further deposits and together with the initial deposits of HK\$9,000,000 paid up to 9 July 2019, the Target Company has paid a total of HK\$34,450,000 under the Property Purchase Agreements. Stamp duty of HK\$77,482,500 and HK\$3,400,000 was paid on 25 July 2019 and 29 July 2019 respectively. The Target Company is pending for the completion of the Property Purchase Agreements and payment to the property vendors of HK\$58,050,000 and HK\$252,000,000, representing the balance of the purchase price for the Properties, on or before 25 September 2019 and 10 October 2019, respectively.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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### A.      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

#### Introduction

The following is an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the “**Unaudited Pro Forma Financial Information**”) of the Enlarged Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition as if the Acquisition had been completed as of 31 March 2019 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2019, or 1 April 2018 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2019, after making the pro forma adjustments relating to the Acquisition that are factually supportable and directly attributable, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2019 had the Acquisition been completed as of 31 March 2019, and (ii) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 and consolidated statement of cash flows for the year ended 31 March 2019 had the Acquisition been completed as at 1 April 2018; or at any future dates.

# APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

## Unaudited Pro Forma Consolidated Statement of Financial Position

	The Group as at 31 March 2019 HK\$'000 (Audited) <Note 1>	HK\$'000 <Note 2>	HK\$'000 <Note 3>	Pro forma adjustments		HK\$'000 <Note 4>	HK\$'000 <Note 5>	HK\$'000 <Note 6>	HK\$'000 <Note 7>	Pro forma total for the Enlarged Group HK\$'000 (Unaudited) <Note 8>
<b>Non-current assets</b>										
Property, plant and equipment	3,686	–	–	–	–	–	–	–	–	3,686
Investment properties	1,359,361	–	–	–	–	–	–	–	–	1,359,361
Deposits paid for acquisition of investment properties	–	–	9,000	(9,000)	–	–	–	–	–	–
Deposits paid for investment	–	5,000	–	(5,000)	–	–	–	–	–	–
Loans receivable	29,676	–	–	–	–	–	–	–	–	29,676
Financial assets at fair value through profit or loss	13,903	–	–	–	–	–	–	–	–	13,903
Debt instruments at fair value through other comprehensive income	11,826	–	–	–	–	–	–	–	–	11,826
	<u>1,418,452</u>	<u>5,000</u>	<u>9,000</u>	<u>(14,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,418,452</u>
<b>Current assets</b>										
Properties held for development for sale	1,730,263	–	–	–	–	–	–	–	–	1,730,263
Deposits paid for acquisition of properties held for development for sale	–	–	–	14,000	140,092	485	–	–	–	154,577
Trade and other receivables	8,797	–	–	–	66,741	–	–	–	–	75,538
Loans receivable	306,334	–	–	–	–	–	–	–	–	306,334
Financial assets at fair value through profit or loss	108,323	–	–	–	–	–	–	–	–	108,323
Debt instruments at fair value through other comprehensive income	4,031	–	–	–	–	–	–	–	–	4,031
Bank deposits with original maturity of more than three months	12,763	–	–	–	–	–	–	–	–	12,763
Bank balances and cash	<u>141,582</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(140,842)</u>	<u>–</u>	<u>(740)</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>2,312,093</u>	<u>–</u>	<u>–</u>	<u>14,000</u>	<u>65,991</u>	<u>485</u>	<u>(740)</u>	<u>–</u>	<u>–</u>	<u>2,391,829</u>
Assets classified as held for sale – investment properties	<u>304,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>304,000</u>
	<u>2,616,093</u>	<u>–</u>	<u>–</u>	<u>14,000</u>	<u>65,991</u>	<u>485</u>	<u>(740)</u>	<u>–</u>	<u>–</u>	<u>2,695,829</u>
<b>Current liabilities</b>										
Trade and other payables	120,798	–	–	–	79,991	485	–	–	–	201,274
Amount due to shareholder	–	5,000	9,000	–	(14,000)	–	–	–	–	–
Tax payable	8,705	–	–	–	–	–	–	–	–	8,705
Convertible notes	62,986	–	–	–	–	–	–	–	–	62,986
Secured bank borrowings	<u>354,620</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>354,620</u>
	<u>547,109</u>	<u>5,000</u>	<u>9,000</u>	<u>–</u>	<u>65,991</u>	<u>485</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>627,585</u>

# APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group as at 31 March 2019				Pro forma adjustments				Pro forma total for the Enlarged Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)							(Unaudited)	
	<Note 1>	<Note 2>	<Note 3>	<Note 4>	<Note 5>	<Note 8>	<Note 9>		
Net current assets (liabilities)	2,068,984	(5,000)	(9,000)	14,000	–	–	(740)	2,068,244	
Total assets less current liabilities	3,487,436	–	–	–	–	–	(740)	3,486,696	
Non-current liabilities									
Deferred tax liabilities	32,657	–	–	–	–	–	–	32,657	
Secured bank borrowings	720,609	–	–	–	–	–	–	720,609	
	753,266	–	–	–	–	–	–	753,266	
	2,734,170	–	–	–	–	–	(740)	2,733,430	
Capital and reserves									
Share capital	29,658	–	–	–	–	–	–	29,658	
Reserves	2,704,512	–	–	–	–	–	(740)	2,703,772	
	2,734,170	–	–	–	–	–	(740)	2,733,430	

## Notes:

- The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2019 as set out in the published annual report of the Company for the year ended 31 March 2019.
- The adjustment represents the acquisition of Company A as if the completion of the sale and purchase of Company A, for pro forma purpose, takes place on 31 March 2019. The financial information of Company A is extracted from the audited statement of financial position of Company A as at 9 July 2019 as set out in the accountants' report on Company A prepared by Cosmos CPA Limited (the "Company A Accountants' Report") which is contained in Appendix II to this circular. The Directors consider that 9 July 2019 is the latest practicable date for the purpose of the Company A Accountants' Report which faithfully reflects the latest status of Company A.
- The adjustment represents the acquisition of Company B as if the completion of the sale and purchase of Company B, for pro forma purpose, takes place on 31 March 2019. The financial information of Company B is extracted from the audited statement of financial position of Company B as at 9 July 2019 as set out in the accountants' report on Company B prepared by Cosmos CPA Limited (the "Company B Accountants' Report") which is contained in Appendix II to this circular. The Directors consider that 9 July 2019 is the latest practicable date for the purpose of the Company B Accountants' Report which faithfully reflects the latest status of Company B.
- The adjustment represents the reclassification of "deposits paid for investment/acquisition of investment properties" to "deposits paid for acquisition of properties held for development for sale" on group level.



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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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5. The adjustments represent (i) the Consideration of approximately HK\$220,833,000 paid by the Company, of which approximately HK\$67,000,000 is the consideration for Company A (and its Shareholder's Loan) and approximately HK\$153,833,000 is the consideration for Company B (and its Shareholder's Loan); (ii) ad valorem stamp duty of approximately HK\$66,741,000, paid by the Seller on behalf of Company A which is refundable when the Combined Site is demolished for redevelopment and recognised as "stamp duty recoverable" and included in "trade and other receivables". As set out in the Agreement for Sale and Purchase, the consideration of Company B will be adjusted if the stamp duty paid and payable by the Seller as estimated is different from the assessment by the Hong Kong Stamp Duty Office for the Company B Properties. For pro forma purpose, the consideration paid of approximately HK\$220,833,000 includes cash payment of approximately HK\$140,842,000 to the Seller and "other payables" of approximately HK\$79,991,000 as the Group did not have adequate cash to settle if the Acquisition was completed on 31 March 2019 after paying approximately HK\$740,000 transaction cost which will be recognised in profit or loss (see Note 9 below). The other payables will be settled once the Group obtains new banking facilities.
6. After the Company A Completion Date, the Enlarged Group will be responsible for paying the balance of the purchase price of approximately HK\$252,000,000 under the Jumbo Sale Share Agreement, which commits Company A to acquire Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties. Also, rental deposits of approximately HK\$890,000 in relation to the existing tenancy agreements of the Company A Properties will be assumed by the Enlarged Group.
7. After the Company B Completion Date, the Enlarged Group will be responsible for paying the balance of the purchase price of approximately HK\$310,050,000 under the Property Purchase Agreements. Also, rental deposits of approximately HK\$757,000 in relation to the existing tenancy agreements of the Company B Properties will be assumed by the Enlarged Group.
8. Pursuant to the Property Purchase Agreements, the Property Vendors of 1/F, 2/F, 4/F and 5/F of No. 1D Davis Street, Kennedy Town, Hong Kong (the "**4 Units**") are licenced to occupy the 4 Units free of rental for periods ranging from 4 to 6 months after the completion of the relevant Property Purchase Agreements (the "**Licence Period**") scheduled on 10 October 2019. The Directors, after consulting Vigers Appraisal and Consulting Limited, a firm of professional property valuers not connected with the Group, determine that as at the latest practicable date for pro forma purpose the fair value of the rental income of the 4 Units during the Licence Period, which is inclusive of government rates, government rent, management fee and other outgoings (the "**Rental Income Fair Value**"), are HK\$25,800, HK\$24,200, HK\$23,700 and HK\$23,500 per month respectively, i.e. a total amount of HK\$484,600 during the Licence Period. The adjustment represents the Rental Income Fair Value as at the latest practicable date for pro forma purpose which is accounted for as part of the consideration, in addition to the cash consideration of approximately HK\$153,833,000, for acquisition of Company B (and its Shareholder's Loan) and subsequently the 4 Units. There is no certainty that the Rental Income Fair Value at the completion of the sale and purchase of the 4 Units is the same amount of HK\$484,600. Any change in this amount will affect the total consideration for the acquisition of the 4 Units and the deferred rental income included in "trade and other payables" which will be recognised in profit or loss on a straight-line basis over the Licence Period.
9. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$740,000.
10. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2019.

# APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

## Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group for the year ended 31 March 2019 HK\$'000 (Audited) <Note 1>	Pro forma adjustments			Pro forma total for the Enlarged Group for the year ended 31 March 2019 HK\$'000 (Unaudited)
		HK\$'000 <Note 2>	HK\$'000 <Note 3>	HK\$'000 <Note 5>	
Revenue					
Rental income	42,627	–	–	–	42,627
Interest income from loan financing	19,601	–	–	–	19,601
	62,228	–	–	–	62,228
Cost of services rendered	(3,271)	–	–	–	(3,271)
	58,957	–	–	–	58,957
Other income	7,137	–	–	–	7,137
Other gains and losses	(395)	–	–	–	(395)
Other expenses	(58)	–	–	–	(58)
Administrative expenses	(48,276)	–	–	(740)	(49,016)
Gain on changes in fair value of investment properties	45,988	–	–	–	45,988
Gain on disposal of a subsidiary	43,139	–	–	–	43,139
Impairment loss on financial assets, net of reversal:					
– Debt instruments at fair value through other comprehensive income	(181)	–	–	–	(181)
– Loans receivable	(2,808)	–	–	–	(2,808)
Loss on changes in fair value of financial assets at fair value through profit or loss	(16,283)	–	–	–	(16,283)
Finance costs	(36,310)	–	–	–	(36,310)
	50,910	–	–	(740)	50,170
Profit before taxation					
Taxation	(400)	–	–	–	(400)
	50,510	–	–	(740)	49,770
Profit for the year attributable to owners of the Company					

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

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	<b>The Group for the year ended 31 March 2019 HK\$'000 (Audited) &lt;Note 1&gt;</b>	<b>Pro forma adjustments</b>				<b>Pro forma total for the Enlarged Group for the year ended 31 March 2019 HK\$'000 (Unaudited)</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	
		<b>&lt;Note 2&gt;</b>	<b>&lt;Note 3&gt;</b>	<b>&lt;Note 5&gt;</b>		
Other comprehensive (expense) income						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of financial statements of foreign operations	(26,179)	–	–	–	–	(26,179)
Change in fair value of debt instruments at fair value through other comprehensive income	577	–	–	–	–	577
Impairment loss on debt instruments at fair value through other comprehensive income	181	–	–	–	–	181
Other comprehensive expense for the year	(25,421)	–	–	–	–	(25,421)
Total comprehensive income for the year attributable to owners of the Company	25,089	–	–	(740)	–	24,349

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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*Notes:*

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2019 as set out in the published annual report of the Company for the year ended 31 March 2019.
2. The adjustment represents the acquisition of Company A as if the completion of the sale and purchase of Company A, for pro forma purpose, takes place on 1 April 2018. The financial information of Company A is extracted from the audited statement of profit or loss and other comprehensive income of Company A for the period from 12 April 2019 (date of incorporation) to 9 July 2019 as set out in the Company A Accountants' Report which is contained in Appendix II to this circular. As explained in note 8 to the Company A Accountants' Report, the Seller has agreed to absorb all formation and other expenses incurred by Company A, no expenses were recognised in profit or loss by Company A.
3. The adjustment represents the acquisition of Company B as if the completion of the sale and purchase of Company B, for pro forma purpose, takes place on 1 April 2018. The financial information of Company B is extracted from the audited statement of profit or loss and other comprehensive income of Company B for the period from 12 April 2019 (date of incorporation) to 9 July 2019 as set out in the Company B Accountants' Report which is contained in Appendix II to this circular. As explained in note 8 to the Company B Accountants' Report, the Seller has agreed to absorb all formation and other expenses incurred by Company B, no expenses were recognised in profit or loss by Company B.
4. After the Company A Completion Date, the Enlarged Group will be responsible for paying the balance of the purchase price of approximately HK\$252,000,000 under the Jumbo Sale Share Agreement, which commits Company A to acquire Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties. Jumbo is an investment holding company whose principal asset is the investment in Silver Prosper. Jumbo has insignificant profit or loss during the year ended 31 March 2019. Revenue, net profit and other financial information of Silver Prosper for the year ended 31 March 2019 are available in the accountants' report on Silver Prosper prepared by Cosmos CPA Limited which is contained in Appendix II to this circular.
5. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$740,000. The adjustment is not expected to have a continuing effect on the Group.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2019.

# APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

## Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group for the year ended 31 March 2019 HK\$'000 (Audited) <Note 1>							Unaudited pro forma total for the Enlarged Group for the year ended 31 March 2019 HK\$'000 (Unaudited)
	HK\$'000	HK\$'000	HK\$'000	Pro forma adjustments HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<Note 1>	<Note 2>	<Note 3>	<Note 4>	<Note 5>	<Note 6>	<Note 7>	
Operating activities								
Profit before taxation	50,910	–	–	–	–	–	(740)	50,170
Adjustments for:								
Bank interest income	(1,548)	–	–	–	–	–	–	(1,548)
Interest expense	36,310	–	–	–	–	–	–	36,310
Depreciation	1,225	–	–	–	–	–	–	1,225
Loss on disposal of property, plant and equipment	2	–	–	–	–	–	–	2
Gain on changes in fair value of investment properties	(45,988)	–	–	–	–	–	–	(45,988)
Impairment loss on loans receivable, net of reversal	2,808	–	–	–	–	–	–	2,808
Impairment loss on debt instruments at fair value through other comprehensive income	181	–	–	–	–	–	–	181
Loss on changes in fair value of financial assets at fair value through profit or loss	16,283	–	–	–	–	–	–	16,283
Gain on disposal of a subsidiary	(43,139)	–	–	–	–	–	–	(43,139)
Dividend income from listed investments	(3,667)	–	–	–	–	–	–	(3,667)
Operating cash flows before movements in working capital	13,377	–	–	–	–	–	(740)	12,637
Increase in properties held for development for sale	(235,720)	–	–	–	–	–	–	(235,720)
Decrease (increase) in trade and other receivables	43,472	–	–	–	(66,741)	–	–	(23,269)
Increase in loans receivable	(78,352)	–	–	–	–	–	–	(78,352)
Decrease in financial assets at fair value through profit or loss	137,651	–	–	–	–	–	–	137,651
Increase in trade and other payables	7,566	–	–	–	79,991	485	–	88,042
Increase in deposits paid for acquisition of properties held for development for sale	–	–	–	(14,000)	(140,092)	(485)	–	(154,577)
Cash used in operations	(112,006)	–	–	(14,000)	(126,842)	–	(740)	(253,588)
Income tax paid	(1,563)	–	–	–	–	–	–	(1,563)
Dividend received from financial assets at fair value through profit or loss	3,667	–	–	–	–	–	–	3,667
Net cash used in operating activities	(109,902)	–	–	(14,000)	(126,842)	–	(740)	(251,484)

# APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

	The Group for the year ended 31 March 2019				Pro forma adjustments			Unaudited pro forma total for the Enlarged Group for the year ended 31 March 2019
	HK\$'000 (Audited)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Unaudited)
	<Note 1>	<Note 2>	<Note 3>	<Note 4>	<Note 5>	<Note 6>	<Note 7>	
Investing activities								
Net cash outflow on acquisition of assets and liabilities through acquisition of a subsidiary	(317,954)	–	–	–	–	–	–	(317,954)
Net cash outflow on acquisition of investment properties through acquisition of a subsidiary	(265,500)	–	–	–	–	–	–	(265,500)
Purchase of financial assets at fair value through profit or loss	(196,027)	–	–	–	–	–	–	(196,027)
Additions of investment properties	(23,368)	–	–	–	–	–	–	(23,368)
Purchase of debt instruments at fair value through other comprehensive income	(15,657)	–	–	–	–	–	–	(15,657)
Placement of bank deposits with original maturity of more than three months	(12,763)	–	–	–	–	–	–	(12,763)
Purchase of property, plant and equipment	(1,489)	–	–	–	–	–	–	(1,489)
Net cash inflow on disposal of a subsidiary	586,040	–	–	–	–	–	–	586,040
Proceeds from disposal of financial assets at fair value through profit or loss	161,717	–	–	–	–	–	–	161,717
Interest received	3,866	–	–	–	–	–	–	3,866
Deposits paid for investment	–	(5,000)	–	5,000	–	–	–	–
Deposits paid for acquisition of investment properties	–	–	(9,000)	9,000	–	–	–	–
Net cash used in investing activities	(81,135)	(5,000)	(9,000)	14,000	–	–	–	(81,135)
Financing activities								
Bank borrowings raised	609,605	–	–	–	–	–	–	609,605
Repayment of bank borrowings	(330,399)	–	–	–	–	–	–	(330,399)
Interest paid	(51,194)	–	–	–	–	–	–	(51,194)
Redemption of convertible note upon maturity	(20,000)	–	–	–	–	–	–	(20,000)
Advance from the Seller	–	5,000	9,000	–	–	–	–	14,000
Repayment to the Seller	–	–	–	–	(14,000)	–	–	(14,000)
Net cash from financing activities	208,012	5,000	9,000	–	(14,000)	–	–	208,012
Net increase (decrease) in cash and cash equivalents	16,975	–	–	–	(140,842)	–	(740)	(124,607)
Cash and cash equivalents at beginning of the year	125,422	–	–	–	–	–	–	125,422
Effect of foreign exchange rate changes	(815)	–	–	–	–	–	–	(815)
Cash and cash equivalents at end of the year, represented by bank balances and cash	141,582	–	–	–	(140,842)	–	(740)	–

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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*Notes:*

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2019 as set out in the published annual report of the Company for the year ended 31 March 2019.
2. The adjustment represents the acquisition of Company A as if the completion of the sale and purchase of Company A, for pro forma purpose, takes place on 1 April 2018. The financial information of Company A is extracted from the audited statement of cash flows of Company A for the period from 12 April 2019 (date of incorporation) to 9 July 2019 as set out in the Company A Accountants' Report which is contained in Appendix II to this circular.
3. The adjustment represents the acquisition of Company B as if the completion of the sale and purchase of Company B, for pro forma purpose, takes place on 1 April 2018. The financial information of Company B is extracted from the audited statement of cash flows of Company B for the period from 12 April 2019 (date of incorporation) to 9 July 2019 as set out in the Company B Accountants' Report which is contained in Appendix II to this circular.
4. The adjustment represents the reclassification of the deposits paid for acquisition of properties held for development for sale of HK\$14,000,000 on group level as if the Completion Dates were 1 April 2018. The adjustment is not expected to have a continuing effect on the Group.
5. The adjustment represents the cash payment of approximately HK\$220,833,000 for the acquisition of the Sale Shares of Company A and Company B and the Shareholder's Loans. Details of how this amount is derived are set out in Note 5 to the "Unaudited pro forma consolidated statement of financial position" of this appendix. The adjustment is not expected to have a continuing effect on the Group.
6. The adjustment represents the Rental Income Fair Value of the 4 Units as the Property Vendors of the 4 Units are licenced to occupy the 4 Units free of rental during the Licence Period. Details of how this amount is derived are set out in Note 8 to the "Unaudited pro forma consolidated statement of financial position" of this appendix.
7. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$740,000. The adjustment is not expected to have a continuing effect on the Group.
8. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2019.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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### B.      INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

*The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the unaudited pro forma financial information of the Enlarged Group prepared for the purpose of incorporation in this circular.*

**Deloitte.**

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### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

#### TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Eminence Enterprise Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2019, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2019 and related notes as set out in Section A of Appendix III to the circular issued by the Company dated 6 September 2019 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition from Ng Kwai Tung (the “**Seller**”) the entire issued share capital of Real Supreme Limited and Extra Glory Limited with the entire amount of the shareholder's loan due and owing by each of Real Supreme Limited and Extra Glory Limited to the Seller (the “**Acquisition**”) on the Group's financial position as at 31 March 2019 and the Group's financial performance and cash flows for the year ended 31 March 2019 as if the Acquisition had taken place at 31 March 2019 and 1 April 2018, respectively. As part of this process, information about the Group's financial position, the financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2019, on which an auditor's report has been published.

#### **Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).



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## **APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP**

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### **Our Independence and Quality Control**

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

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2019 or 1 April 2018 would have been as presented.

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

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

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

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
6 September 2019

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2017, 2018 AND 2019.

#### FOR THE YEAR ENDED 31 MARCH 2019

##### **Business Review**

During the year, the Group was principally engaged in property development, property investment, comprising the ownership and rental of investment properties, investment in securities and loan financing business which property development and property investment are the core business of the Group. The review of the individual business segments of the Group are set out below.

##### **(i)      *Property Development***

One of the core business of the Group is property development. The Group has extensive experience on property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Below are the major projects of the Group during the year.

##### *1.      Project Matheson*

As at 31 March 2019, the Group, through its subsidiary, owns the site at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong. The total area of the site is approximately 2,857 sq ft. and is currently under development. After development, the site will provide a gross floor area of approximately 3,982 sq ft of commercial/office mixed-use building. The development is expected to complete in the fourth quarter of 2021.

##### *2.      Project Wing Cheong*

As at 31 March 2019, the Group, through its subsidiary, owns approximately 86.4% of Wing Cheong Factory Building, a building located at No. 121 King Lam Street, Kowloon, Hong Kong. The site area is approximately 5,483 sq ft. On 12 September 2018, the Group filed an application under the Lands (Compulsory Sale for Redevelopment) Ordinance for auctioning all the units in Wing Cheong Factory Building. The Group plans to develop the site into an industrial mixed-use building with car parking spaces.

##### *3.      Disposal of Inverness Road Property*

Inverness Road Property is a residential building located at Nos. 14–20 Inverness Road, Kowloon, Hong Kong, also known as New Kowloon Inland Lot No. 6573. It was a residential building under the development of the Group.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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On 8 March 2019, the Group successfully disposed the Inverness Road Property and acquired Easy Tower simultaneously. The disposal of the Inverness Road Property allows the Group to focus on the industrial and non-residential sectors and sharpen its competitive edge on industrial building redevelopments. It also enables the Group to acquire Easy Tower and raise cash for other development projects, such as Wing Cheong, Fung Wah and Matheson Project. Furthermore, the disposal enabled the Group to save approximately HK\$135 million which the Group otherwise had to expend to complete the Inverness Road Property and bring it to market.

For further details, please refer to “Material Acquisition and Disposal” section below.

### *(ii) Property Investment*

The other core business of the Group is property investment.

During the year, the total rental income of the Group recorded was approximately HK\$42,627,000 (2018: approximately HK\$33,012,000), representing a 29.1% increase over the last year. The increase is primarily due to the contributions from newly acquired properties, as well as continued management of tenant mix, rental reversion at major investment properties and properties held for development for sale during the year under review.

#### *Hong Kong*

In Hong Kong, the Group owns residential units, commercial units and industrial units with a total carrying amount of approximately HK\$1,129,400,000 as at 31 March 2019 (2018: approximately HK\$1,156,000,000). For the year ended 31 March 2019, the Group recorded property rental income of approximately HK\$23,339,000 (2018: approximately HK\$16,516,000), representing an increase of approximately 41.3% as compared with 2018.

Below are the major property investments of the Group during the year.

#### 1. Acquisition of Office Units and Car Parks in Capital Centre

The Group, through its subsidiary, owns the whole floor of 12th Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong, as well as, car park spacing numbers 329, 330 and 331 on the 3rd Floor of the same building. The total saleable area of the 12th Floor is approximately 11,316 sq ft. The consideration was HK\$295 million. These properties were acquired for investment purposes and for providing an opportunity to expand and diversify the Group’s property investment portfolio, and for generating a steady flow of rental income to the Group. For further details, please refer to “Material Acquisition and Disposal” and “Events after the end of the Reporting Period” sections below.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### 2.      Acquisition of Easy Tower

Easy Tower is an industrial building located at No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong, with a total gross floor area of approximately 74,458 sq ft. It is adjacent to Fung Wah Factorial Building, a site wholly owned by the Group with a total saleable area of 46,312 sq ft.

The acquisition of Easy Tower enables the Group to better focus on industrial and non-residential real estate activities which in turn enhance its competitiveness in such field. Easy Tower is also a source of recurring income to the Group through renting out the units in the building.

It also allows the Group to redevelop both Easy Tower site and Fung Wah Factorial Building site together and will significantly enhance the development potential of both sites.

#### *Singapore*

In Singapore, the Group owns 3 residential units with a total carrying amount of approximately HK\$159,831,000 as at 31 March 2019 (2018: approximately HK\$162,456,000). For the year ended 31 March 2019, the Group received property rental income of approximately HK\$2,840,000 (2018: approximately HK\$2,719,000), representing a 4.5% increase over the last year.

#### *People's Republic of China (the "PRC")*

In Huzhou City, Zhejiang Province of the PRC, the Group has 12 blocks of factory premises and 4 blocks of dormitories with a total carrying amount of approximately HK\$374,130,000 at 31 March 2019 (2018: approximately HK\$338,177,000). For the year ended 31 March 2019, the Group recorded property rental income of approximately HK\$16,448,000 (2018: approximately HK\$13,777,000), representing an increase of approximately 19.4% as compared with 2018.

### *(iii)      Securities Investment*

During the year, the Group has adopted a prudent attitude in its securities investment. The Group had acquired listed securities and disposed of some shares in the investment portfolio. The Group recorded a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$16,283,000 (2018: approximately HK\$2,195,000). The impairment loss on available-for-sale investments was nil (2018: approximately HK\$3,406,000). As a result, the Group reported a segment loss of approximately HK\$16,500,000 (2018: segment loss of approximately HK\$1,316,000) during the year under review. The Group received dividend income from the listed securities of approximately HK\$3,667,000 during the year under review. The Group considers that the prospects in respect of the listed shares investments are healthy. The Group understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. Also, the Group will closely monitor the performance progress of the investment portfolio from time to time.

## APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

At 31 March 2019, the Group's investment in equity securities listed in Hong Kong amounting to approximately HK\$56,338,000 (2018: approximately HK\$3,436,000). It was derived from (i) the purchase of securities of approximately HK\$22,974,000 during the year under review; (ii) the disposal of securities which had a fair value of approximately HK\$160,625,000; (iii) net decrease in market value of securities investments in the amount of approximately HK\$16,659,000; and (iv) reclassified from available-for-sale investments of approximately HK\$207,213,000. This value represented an investment portfolio comprising 4 (2018: 4) equity securities which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group held significant securities investments as at 31 March 2019 as below:

Company name (stock code)	No. of shares held	Approx. % held to the total issued share capital of the company/ investment %	Investment cost/cost of acquisition HK\$'000	Dividend income for the year ended 31 Mar 2019 HK\$'000	Fair value gain (loss) for the year ended 31 Mar 2019 HK\$'000	Fair value at 31 Mar 2019 HK\$'000	Approx. % of total assets of the Group at 31 Mar 2019 %
China SCE Group Holdings Ltd. (1966)	6,800,000	0.16%	10,757	1,359	272	27,812	0.69%
Best Food Holding Co. Ltd. (1488)	21,660,000	1.37%	25,740	133	1,273	26,425	0.65%
Other listed shares*	—	—	17,509	769	(377)	2,101	0.05%
Grand total:			54,006	2,261	1,168	56,338	1.39%

\* Other listed shares included 2 companies whose shares are listed on the Main Board of the Stock Exchange.

### (iv) Loan Financing

During the year, the Group recorded interest income from the loan financing business amounting to approximately HK\$19,601,000 (2018: approximately HK\$16,593,000), representing approximately 31.50% of the total revenue of the Group. The segment profit of loan financing business was approximately HK\$5,726,000 for the year ended 31 March 2019 (2018: approximately HK\$9,208,000). The outstanding principal amount of loans receivable as at 31 March 2019 was approximately HK\$336,010,000 (2018: approximately HK\$265,297,000). At 31 March 2019, impairment allowance for loans receivable amounted to approximately HK\$9,192,000. During the year under review, impairment allowance recognized in profit or loss amounted to approximately HK\$2,808,000 in its loan financing business. The Group will continue to develop in this segment in order to earn a higher interest income.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### **Financial Review**

#### ***Revenue***

For the year ended 31 March 2019, the Group's revenue increased by 25.4% to approximately HK\$62,228,000 as compared with last year which was derived from the increase in the rental income from the property investment business and interest income from the loan financing business.

#### ***Gross Profit/Margin***

Gross profit of the Group for the year ended 31 March 2019 was approximately HK\$58,957,000, representing an increase of approximately 26.2% or approximately HK\$12,232,000 as compared to approximately HK\$46,725,000 in 2018. Gross profit margin for the year reached approximately 94.7% (2018: approximately 94.2%), representing an increase of 0.5% over the last financial year.

#### ***Profit before Taxation***

Profit before taxation of the Group for the year ended 31 March 2019 was approximately HK\$50,910,000, as compared with last year profit before taxation of approximately HK\$54,608,000.

Administrative expenses of the Group increased from approximately HK\$35,525,000 to approximately HK\$48,276,000, an increase of approximately 35.9% as compared with the last year.

During the year under review, there was a loss on changes in fair value of financial assets amounting to approximately HK\$16,283,000 (2018: approximately loss of HK\$2,195,000).

Finance costs of the Group was approximately HK\$36,310,000, increased by approximately HK\$4,937,000 or approximately 15.7% for the year from approximately HK\$31,373,000 in 2018, of which approximately HK\$17,123,000 (2018: approximately HK\$17,128,000) is the effective interest expense on convertible notes.

#### ***Profit Attributable to shareholders of the Company and Earnings per Share***

Profit attributable to shareholders of the Company for the year ended 31 March 2019 was approximately HK\$50,510,000, as compared to last year profit of approximately HK\$53,539,000. Net profit margin is approximately 81.2% as compared to net profit margin last year of approximately 107.9%.

For this year, the taxation charge was approximately HK\$400,000 whilst last year the taxation charge was approximately HK\$1,069,000.

Basic and diluted earnings per share for the year ended 31 March 2019 were approximately HK1.70 cents and HK1.67 cents respectively as compared to basic and diluted earnings per share were approximately HK2.31 cents and HK2.15 cents respectively in 2018.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Liquidity and Financial Resources*

At 31 March 2019, total assets of the Group amounted to approximately HK\$4,034,545,000 (2018: approximately HK\$4,011,917,000). In terms of financial resources as at 31 March 2019, the Group's total bank balances and cash was approximately HK\$141,582,000 (2018: approximately HK\$125,422,000).

At 31 March 2019, the Group has total bank borrowings of approximately HK\$1,075,229,000 (2018: approximately HK\$1,092,660,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.4 (2018: approximately 0.4). As at 31 March 2019, the Group's current ratio was approximately 4.8 (2018: approximately 3.5).

The Group financed its operations primarily with recurring cash flow generated from its operations and bank financing.

### *Charges of Assets*

As at 31 March 2019, the Group had bank loans amounting to approximately HK\$1,075,229,000 (2018: approximately HK\$1,092,660,000) which were secured by the Group's properties with an aggregate net book value of approximately HK\$776,431,000 (investment properties) and approximately HK\$1,730,263,000 (properties held for development for sale) respectively (2018: approximately HK\$986,740,000 and HK\$1,634,964,000).

### *Material Acquisitions and Disposals*

#### *(1)(a) Acquisition of Easy Tower*

On 19 November 2018, the Group through Sonic Hover Limited, a wholly-owned subsidiary, entered into a conditional sale and purchase agreement with Easyknit Properties Holdings Limited, a subsidiary of Easyknit International Holdings Limited ("**Easyknit**"). Pursuant to which, Sonic Hover Limited agreed to acquire from Easyknit Properties Holdings Limited the entire equity interest in Wellmake Investments Limited ("**Wellmake**"), which the material asset is Easy Tower. The sale consideration was of HK\$470,000,000. The transaction was approved by the independent shareholders of the Company on 28 February 2019 and was duly completed on 8 March 2019.

Easy Tower is located at No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, also known as New Kowloon Inland Lot No. 6238, and is adjacent to Fung Wah Factorial Building, a lot already owned by the Group. The total gross floor area of Easy Tower is approximately 74,458 sq ft. while for the total saleable area of Fung Wah Factorial Building is approximately 46,312 sq ft.

On completion, a property management agreement ("**Property Management Agreement**") was entered into between Wellmake, which was then a subsidiary of the Company after the completion, and UrbanMode (HK) Limited ("**Manager**"), a wholly-owned subsidiary of Easyknit. Pursuant to which, Wellmake appointed the Manager to manage Easy Tower for an initial period of three years from completion. Easyknit group has been providing property management services for Easy Tower and to facilitate the smooth transition of Easy Tower ownership without disruption to the management of Easy Tower, the Manager will manage and maintain Easy Tower after completion.



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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### Reasons for Acquisition

The acquisition of Easy Tower enables to Group better focus on industrial and non-residential real estate activities which in turn enhance its competitiveness in such sector. Easy Tower is also a source of recurring income to the Group through renting out the units in the building.

Acquiring Easy Tower also allows the Group to redevelop both Easy Tower site and Fung Wah Factorial Building site together and will significantly enhance the development potential of both sites.

### *(1)(b) Disposal of Inverness Road Property*

On 19 November 2018, the Group, through its wholly-owned subsidiary, Kingbest Capital Holdings Limited, entered into a conditional sale and purchase agreement with Gold Anchor Developments Limited, a wholly-owned subsidiary of Easyknit. Pursuant to which, Kingbest Capital Holdings Limited agreed to dispose to Gold Anchor Developments Limited the entire equity interest in Total Expect Limited, which the material asset is Inverness Road Property. The sale consideration was HK\$1,035,000,000. The transaction was approved by the independent shareholders of the Company on 28 February 2019 and was duly completed on 8 March 2019.

### Reasons for Disposal

Inverness Road Property is located at Nos. 14–20 Inverness Road, Kowloon, Hong Kong, also known as New Kowloon Inland Lot No. 6573. The disposal of the Inverness Road Property allows the Group to focus on the industrial and non-residential sectors and sharpen its competitive edge on industrial building redevelopment. It also enables the Group to acquire Easy Tower and raise cash for other development projects, such as Wing Cheong, Fung Wah and Matheson Project. Furthermore, the disposal enabled the Group to save approximately HK\$135 million which the Group otherwise had to expend complete the Inverness Road Property and bring it to market. Through such acquisition and disposal, the Group received a net proceeds of approximately HK\$586,142,000.

For further details of the acquisition and disposal, please refer to the joint announcement dated 21 November 2018 and the joint circular dated 12 February 2019.

### *(2) Acquisition of Office Units and Car Parks in Capital Centre*

The Group completed the acquisition of office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 sq ft) and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong on 30 April 2018. The consideration was approximately HK\$295 million. These properties were acquired for investment purposes and for providing an opportunity to expand and diversify the Group's property investment portfolio and for generating a steady flow of rental income to the Group.

As of 31 March 2019, the rental income from the properties during the year was approximately HK\$3,598,000.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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On 20 November 2018, the Company obtained the Shareholders' approval to auction these properties (as a whole) through open tender of not less than HK\$310 million. Such approval allows the Company to act swiftly on its investment portfolio and provides the Board maximum flexibility in a sale and increase the pool of potential buyers.

For further information on the acquisition, please refer to the Company's announcement dated 11 January 2018 and circular dated 15 March 2018.

For further information on the tender, please refer to the Company's announcement dated 4 October 2018 and circular dated 20 November 2018.

Saved as disclosed above, the Group had no material acquisitions of subsidiaries or associated companies during the year.

### ***Exposure on Foreign Exchange Fluctuations***

Most of the Group's revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The Group considered the risk of exposure to the currency fluctuation to be minimal.

### ***Contingent Liabilities***

The Group did not have any significant contingent liabilities as at 31 March 2019 (2018: nil).

### ***Capital Expenditure and Capital Commitments***

#### ***Capital Expenditure***

For the year ended 31 March 2019, the Group invested approximately HK\$1,489,000 (2018: approximately HK\$1,433,000) in the purchase of property, plant and equipment, and spent approximately HK\$23,368,000 (2018: approximately HK\$201,710,000) on addition of investment properties, other than the acquisition of investment properties through acquiring Wellmake. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

#### ***Capital Commitments***

As at 31 March 2019, the Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$40,684,000 (2018: approximately HK\$265,975,000).

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### Employees

As at 31 March 2019, the Group had 55 employees (2018: 46). Staff costs (including directors' emoluments) amounted to approximately HK\$21,222,000 for the year under review (2018: approximately HK\$17,065,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

### Prospects

The Hong Kong economy has been growing steadily despite an increasingly challenging external environment.

Despite the uncertainties on global economic outlook caused by the intensified US-China trade war, Brexit, and recent corrections in the financial markets, Hong Kong's economy remains resilient.

The Board maintains a cautiously optimistic view on the property market and would continue devoting resources and effort in increasing and replenishing its land bank for its property development business and will also continue to adopt a prudent approach in acquiring and disposing properties and other investments to secure steady recurring income and capital appreciation for the Group.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### FOR THE YEAR ENDED 31 MARCH 2018

#### **Business Review**

For the year ended 31 March 2018, the Group's revenue amounted to HK\$49,605,000. There was a profit for the year attributable to the owners of Eminence of HK\$53,539,000. The profit for the year ended 31 March 2018 was mainly due to the gain arising from changes in fair value of investment properties amounting to HK\$72,337,000.

The basic and diluted earnings per share amounted to HK2.31 cents and HK2.15 cents respectively for the year ended 31 March 2018. The review of the individual business segments of the Group are set out below.

#### ***Property Investment***

For the year ended 31 March 2018, the total rental income of the Group recorded HK\$33,012,000. The increase is primarily due to the contributions from newly acquired properties, as well as continued management of tenant mix and rental reversion at major investment properties during the year under review.

#### ***Hong Kong***

In Hong Kong, the Group owns residential units, commercial units and industrial units with a total carrying amount of HK\$1,156,000,000 as at 31 March 2018. For the year ended 31 March 2018, the Group recorded property rental income of HK\$16,516,000.

#### ***Singapore***

In Singapore, the Group owns 3 residential units with a total carrying amount of HK\$162,456,000 as at 31 March 2018. For the year ended 31 March 2018, the Group received property rental income of HK\$2,719,000.

#### ***People's Republic of China (the "PRC")***

In Huzhou City, Zhejiang Province of the PRC, the Group has 12 blocks of factory premises and 4 blocks of dormitories with a total carrying amount of HK\$338,177,000 at 31 March 2018. For the year ended 31 March 2018, the Group recorded property rental income of HK\$13,777,000.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Property Development*

#### *Project Matheson*

The Group owns 12 out of 14 units of a non-industrial building at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong (the “**Matheson Building**”). On 29 September 2017, the Group successfully acquired through auction under Chapter 545 of the 2 remaining units of Matheson Building (the “**Remaining Units**”). Following the acquisition of the Remaining Units, the Group had 100% ownership of the Matheson Building with a site area of approximately 2,857 sq.ft.. The whole site is under development construction. Redevelopment is expected to be completed in the third quarter of 2021.

### *Investment in Securities*

For the year ended 31 March 2018, the Group has adopted a prudent attitude in its securities investment. The Group had acquired listed securities under held for trading investments and disposed of some shares in the investment portfolio. The Group recorded fair value loss on held for-trading investments of HK\$2,195,000. The impairment loss on available-for-sale investments was HK\$3,406,000. As a result, the Group reported a reduced segment loss of HK\$1,316,000 for the year ended 31 March 2018. The Group received dividend income from the listed securities under held for trading investments and available-for-sale investments of HK\$41,000 and HK\$4,496,000 respectively for the year ended 31 March 2018.

The Group considers that the prospects in respect of the shares still held-for-trading investments are healthy. The Directors understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. Also, the Directors will closely monitor the performance progress of the investment portfolio from time to time.

At 31 March 2018, the Group held securities for trading investments amounting to HK\$3,436,000. It was derived from (i) the purchase of held for trading investments of HK\$2,540,000 during the year under review; and (ii) the securities held for trading investments which had a cost or fair value as at 31 March 2018 of HK\$1,414,000; and (iii) net decrease in market value in the amount of HK\$2,195,000 of held for trading investments. This value represented an investment portfolio comprising 3 equity securities which are listed on the Main Board of the Stock Exchange.

## APPENDIX IV MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

### Available-for-sale investments

The Group also held significant investments under available-for-sale investments as at 31 March 2018 as below:

Company name/ (stock code)	No. of shares held	Approximate percentage held to the total issued share capital of the company/ investment %	Investment cost/cost of acquisition HK\$'000	Dividend income for the year ended 31 March 2018 HK\$'000	Fair value gain for the year ended 31 March 2018 HK\$'000	Fair value at 31 March 2018 HK\$'000	Approximate percentage of total assets of the Group at 31 March 2018 %
Hong Kong Exchanges and Clearing Limited ("HKEx") (388) (Note)	686,523	0.06	132,434	3,095	40,756	175,063	4.36
Other listed shares*	—	—	31,663	1,401	4,189	32,150	0.80
Grand total:			164,097	4,496	44,945	207,213	5.16

\* Other listed shares included 3 companies whose shares are listed on the Main Board of the Stock Exchange.

**Note:** Eminence's shareholders passed a resolution at the special general meeting on 7 March 2018 to grant of disposal mandate of HKEx ("HKEx Disposal Mandate") to the Directors for the disposal of all or part of the interests in HKEx for a 12-month period commencing 7 March 2018. During the period from 7 March 2018 and up to the date of this report, Eminence did not dispose of any shares in HKEx pursuant to the HKEx Disposal Mandate and therefore, the Group beneficially owns a total of 686,523 shares in HKEx as at the date of this report. Details are set out in Eminence's circular dated 12 February 2018.

### Loan Financing

For the year ended 31 March 2018, the Group recorded interest income from the loan financing business amounting to HK\$16,593,000, representing approximately 33.5% of the total revenue of the Group. The segment profit of loan financing business was HK\$9,208,000 for the year ended 31 March 2018. The outstanding principal amount of loans receivable as at 31 March 2018 was HK\$265,297,000. During the year under review, the Group did not record any doubtful or bad debt in its loan financing business. The Group will continue to develop in this segment in order to earn a higher interest income.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### **Financial Review**

#### ***Revenue***

For the year ended 31 March 2018, the Group's revenue was HK\$49,605,000 which was derived from the increase in the rental income from the property investment business and interest income from the loan financing business.

#### ***Gross Profit/Margin***

Gross profit of the Group for the year ended 31 March 2018 was HK\$46,725,000. Gross profit margin for the year reached approximately 94.2%, as a result of the increase in cost of services rendered.

#### ***Profit/Loss before Taxation***

Profit before taxation of the Group for the year ended 31 March 2018 was HK\$54,608,000.

Distribution and selling expenses of the Group was HK\$40,000. Administrative expenses of the Group were HK\$35,525,000. During the year ended 31 March 2018, there was a gain on changes in fair value of investment properties amounting to HK\$72,337,000.

Finance costs of the Group was HK\$31,373,000, of which HK\$17,128,000 is the effective interest expense on convertible notes.

#### ***Profit/Loss Attributable to owners of Eminence and Earnings/Loss per Eminence Share***

Profit attributable to owners of the Group for the year ended 31 March 2018 was HK\$53,539,000. Net profit margin is 107.9%.

For the year ended 31 March 2018, the taxation charge was HK\$1,069,000. Basic and diluted earnings per share for the year 31 March 2018 were HK2.31 cents and HK2.15 cents respectively.

#### ***Liquidity and Financial Resources***

At 31 March 2018, total assets of the Group amounted to HK\$4,011,917,000. In terms of financial resources as at 31 March 2018, the Group's total bank balances and cash was HK\$125,422,000.

At 31 March 2018, the capital base has been strengthened because an aggregate net proceeds of HK\$94,280,000 was raised from the placing of new shares and issuing of convertible notes during the year. At 31 March 2018, the Group has total bank borrowings of HK\$1,092,660,000. The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.40. As at 31 March 2018, the Group's current ratio was 3.5. The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Fund Raising Activities*

#### *Issue of shares during the year*

- (1) On 3 July 2017, Eminence and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 325,000,000 placing shares at a price of HK\$0.08 per placing share with the aggregate nominal value of HK\$3,250,000 under the refreshed general mandate granted to the Directors by a resolution of the independent shareholders of Eminence at the special general meeting of Eminence held on 26 April 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were independent third parties. The closing price of the shares on 3 July 2017 was HK\$0.08. The placing was completed on 19 July 2017 and the net proceeds (representing net issue price of approximately HK\$0.079 per placing share) were approximately HK\$25,740,000, which were intended to be used for the acquisition of the Remaining Units of Matheson Building. The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of Eminence and its shareholders as a whole. Details of which are set out in Eminence's announcements dated 3 July 2017 and 19 July 2017.
  
- (2) On 30 November 2017, Eminence and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 447,000,000 placing shares at a price of HK\$0.055 per placing share with the aggregate nominal value of HK\$4,470,000 under the general mandate granted to the Directors by a resolution of the shareholders of Eminence at the annual general meeting of Eminence held on 24 July 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were independent third parties. The closing price of the shares on 30 November 2017 was HK\$0.065. The placing was completed on 21 February 2018 and the net proceeds (representing net issue price of approximately HK\$0.054 per placing share) were approximately HK\$24,340,000, which were intended to be used for the acquisition of Fung Wah Factorial Building ("**FW Building**"). The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of Eminence and its shareholders as a whole. Details of which are set out in Eminence's announcements dated 30 November 2017, 20 December 2017, 31 January 2018 and 21 February 2018.



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### *Issue of convertible notes during the year*

- (1) On 1 March 2017, Eminence as an issuer and Goodco Development Limited (the “**Subscriber**”), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit, as a subscriber entered into the subscription agreement, pursuant to which Eminence has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK\$16,000,000 (the “**2017CN1**”) which may be converted into 100,000,000 conversion shares at the conversion price of HK\$0.16 per conversion share (collectively, the “**Subscription1**”). The interest rate of 3.0% per annum of the 2017CN1 on the outstanding principal amount. The Subscription1 was completed on 11 May 2017 and the maturity date is 11 May 2022. The net proceeds were approximately HK\$15,500,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as to HK\$9.2 million for repayment of bank loan and interest and HK\$6.3 million for payment of general operating expenses. Details of which are set out in Eminence’s announcements dated 1 March 2017, 28 April 2017 and 11 May 2017 and Eminence’s circular dated 5 April 2017.
- (2) On 7 August 2017, Eminence as an issuer and the Subscriber entered into the subscription agreement, pursuant to which Eminence has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK\$28,200,000 (the “**2017CN2**”) which may be converted into 470,000,000 conversion shares at the conversion price of HK\$0.06 per conversion share (collectively, the “**Subscription2**”). The interest rate of 3.0% per annum of the 2017CN2 on the outstanding principal amount. The Subscription2 was completed on 26 September 2017 and the maturity date is 26 September 2020. The net proceeds were approximately HK\$27,800,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as intended. Details of which are set out in Eminence announcements dated 7 August 2017 and 26 September 2017 and Eminence circular dated 28 August 2017. On 18 October 2017, the Subscriber exercised its right attached to the 2017CN2 for the amount of HK\$16,920,000 to convert 282,000,000 conversion shares of Eminence and where are issued and allotted to the Subscriber on the same date.

### *Previous fund raising activity*

During the year, Eminence further utilised the net proceeds from the placing took place on 27 February 2017. Updates on the actual use of proceeds during the year are as follows:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use as at 31 March 2018
3 January 2017	Placing of 350,000,000 shares under specific mandate	HK\$55 million	Acquisition of FW Building	Fully applied as intended

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Charges of Assets*

As at 31 March 2018, the Group had bank loans amounting to HK\$1,092,660,000 which were secured by the Group's investment properties and properties held for development for sale with an aggregate net book value of HK\$986,740,000 and HK\$1,634,964,000 respectively.

### *Material Acquisitions*

#### *Acquisition of the Remaining Units of the Matheson Building*

Prior to the date of the auction, the Group already owns 12 units out of 14 units of the entire Matheson Building; and the value of the Remaining Units represents 42% of the bidding price. The auction was held on 29 September 2017 and the Group won the bid. Therefore the consideration for the acquisition of the Remaining Units by the Group is HK\$185,220,000 (i.e. 42% of the final bidding price), it should be financed partly by internal resources of Eminence and partly by bank financing. The completion date for the acquisition took place on 30 October 2017. The Directors have a view that the Matheson Building site will be redeveloped together with an adjacent property already owned by Eminence into a new composite commercial building and it shall reap the benefits of scale both in terms of development costs, and future sales or leasing of such properties.

Details of the acquisition are set out in Eminence's announcements dated 22 August 2017 and 29 September 2017 and Eminence's circular dated 12 September 2017.

#### *Acquisition of FW Building*

On 14 August and 15 August 2017, Treasure Arts International Group Limited ("**Treasure Arts**"), an indirect wholly-owned subsidiary of Eminence, as the purchaser, entered into an agreement for sale and purchase and a provisional agreement with the respective sellers who are independent third parties respectively, pursuant to which amongst other things, Treasure Arts conditionally agreed to acquire, and the sellers agreed to sell workshop A, 1/F of the FW Building, shares 4/120th undivided shares of the entire FW Building with a total saleable area of approximately 1,910 sq.ft. and workshop D, ground floor of the FW Building, shares 6/120th undivided shares of the entire FW Building with a total saleable area of approximately 1,637 sq.ft. at a total consideration of HK\$81,300,000. The completion of the acquisition took place in mid-November 2017.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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On 20 November 2017, Treasure Arts as the purchaser, entered into an agreement for sale and purchase agreement with the sellers who are independent third parties respectively, pursuant to which amongst other things, Treasure Arts conditionally agreed to acquire, and the sellers agreed to sell workshop space A1, ground floor of the FW Building at a total consideration of HK\$53,000,000. The property was divided into 3 portions, portion-1 and portion-2 are leased with tenancies and portion-3 is self-occupied by the sellers. In addition, Chan Kai Wah and Chan Choi Fong as the licensee shall have the rights after the completion date to take up a licence to occupy Portion-3 for a monthly license fee of HK\$30,000 (inclusive of rates, Government rent and management fees and payment of HK\$116,790, payable every 3 months, being temporary waiver for change of land user) until 30 June 2018 and the licensee further has the option to extend the licence period to 31 December 2018. The property is currently on lease for HK\$61,100 per month (inclusive of government rent and management fees, exclusive of other outgoings), amount of deposit held under the tenancy agreements was HK\$122,200 and currently used for commercial purpose. The completion of the acquisition took place on 9 February 2018.

Details of the acquisitions are set out in Eminence's announcements dated 16 August 2017, 29 September 2017 and 23 November 2017 and Eminence's circulars dated 29 September 2017 and 4 January 2018.

### *Acquisition of Wing Cheong Building*

On 28 March 2017, the Group through Wealth Plan Development Limited ("**Wealth Plan**"), an indirect wholly-owned subsidiary of Eminence, entered into the 17 provisional agreements with each of the 17 vendors, which are independent third parties, pursuant to which Wealth Plan has agreed to acquire the respective properties from the relevant vendors for an aggregate cash consideration of HK\$226,052,500. The properties included 18 industrial units and 2 car park units of the Wing Cheong Building (collectively, the "**Wing Cheong Properties**") and 11 units of the Wing Cheong Properties are subject to the tenancy agreements that by the terms may still be in force as at 28 March 2017. Such tenancies would be expired between April 2017 and April 2020. The acquisition of the Wing Cheong Properties took place on 28 June 2017. Details of which are set out in Eminence's announcement dated 29 March 2017 and Eminence's circular dated 12 May 2017.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Acquisition of Capital Centre*

On 11 January 2018, Lion Capital Investment Limited (“**Lion Capital**”), a wholly-owned subsidiary of Eminence, entered into the provisional agreement with Brilliant Circle Holdings International Limited, a company incorporated in the Cayman Islands with limited liability and the shares are listed on the Main Board of the Stock Exchange (stock code: 1008), as vendor (the “**Vendor**”), pursuant to which (i) Lion Capital has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the sale interests (the “**Sale Interests**”) (comprising the entire issued share capital of Empire Sail Limited (the “**Target Company**” and its subsidiaries, collectively, the “**Target Group**”), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor and the shareholders’ loan due and owing by the Target Group to the Vendor and Vendor’s subsidiaries amounted to approximately HK\$221 million (the “**Sale Loans**”)) for a consideration of HK\$295 million (subject to adjustments); and (ii) Lion Capital has agreed, subject to completion, to grant a lease back to the Vendor or its nominee for each of Unit 1201A of Capital Centre, No. 151 Gloucester Road, Hong Kong (the “**Property 1**”) and Unit 1202 of Capital Centre, No. 151 Gloucester Road, Hong Kong (the “**Property 2**”) at the monthly rentals of HK\$256,240 and HK\$62,559 respectively for two years commencing from the next date immediately following the completion date. The Target Company owned the office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 sq.ft.) and car parking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong. The acquisition of the Target Group took place on 30 April 2018. Details of which are set out in Eminence’s announcement dated 11 January 2018 and Eminence’s circular dated 15 March 2018.

Save as disclosed above, the Group had no material acquisitions of subsidiaries or associated companies during the year.

### *Exposure on Foreign Exchange Fluctuations*

Most of the Group’s revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The Directors considered the risk of exposure to the currency fluctuation to be minimal.

### *Contingent Liabilities*

The Group did not have any significant contingent liabilities as at 31 March 2018.

### *Capital Expenditure and Capital Commitments*

#### *Capital Expenditure*

For the year ended 31 March 2018, the Group invested HK\$1,433,000 in the purchase of property, plant and equipment, and spent HK\$201,710,000 on addition of investment properties. These capital expenditures were financed from internal resources and funds from previous fund raising activities of Eminence.

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### *Capital Commitments*

As at 31 March 2018, the Group had capital commitments in respect of capital expenditure contracted for but not provided in respect of investment properties of HK\$265,975,000.

### **Employees**

As at 31 March 2018, the Group had 46 employees. Staff costs (including directors' emoluments) amounted to HK\$17,065,000 for the year ended 31 March 2018. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

### **Prospects**

Hong Kong's property market is expected to grow on the back of a healthy economy, rising confidence in economic growth and continuous inflow of foreign capital. Driven by strong investment appetite and abundant liquidity, property prices continue to beat market expectation in 2017 and expect to move up moderately in 2018 although buyer's sentiment may be affected by the advent of the U.S. interest rate upcycle. Office market will continue to benefit from a strong GDP growth and optimistic business outlook by major industries while the high rental cost will make the companies look for alternative solutions in emerging business districts. As for the industrial market, the new revitalization policy will further enhance the industrial property values which will attract new investments. The Group expects rising demand and shortage in the supply of newly built commercial buildings in Hong Kong for the near future. The Group will proactively look for feasible development projects to enrich the Group's land bank and launch property project(s) into the market with an accurate product positioning as well as effective sales and marketing strategy.

Through the fund raising activities in the capital market, the Group has successfully raised funds for property development projects and general working capital with relatively low financing cost as compared with bank financing. The Group remains optimistic about the property market in Hong Kong which is expected to grow steadily and will place emphasis on strengthening the property development and investment businesses by enhancing efficiency and diversifying the development project portfolio to include various types of commercial properties in prime locations. This will ensure the Group and work to the best interest of the Group and its shareholders as a whole.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### FOR THE YEAR ENDED 31 MARCH 2017

#### Business Review

For the year ended 31 March 2017, the Group was principally engaged in property investment, comprising the ownership and rental of investment properties, property development, investment in securities and loan financing business.

#### *Geographical Analysis of Turnover*

For the year ended 31 March 2017, rental income from the investment properties were derived from properties located in Hong Kong, Singapore and the PRC.

##### *(i) Property Investment*

Revenue from the property investment segment was HK\$29,384,000 for the year ended 31 March 2017. The increase in turnover is primarily attributed to the addition of the investment properties, the effect of tenancy renewal, periodic rental adjustments under the clauses of the existing tenancy agreements and new tenants.

The Group has 9 blocks of factory premises and 4 blocks of dormitories with a total gross floor areas of approximately 94,351 sq.m. in Huzhou, PRC.

##### *(ii) Property Development*

###### Project Matheson

Eminence had filed an application to the Lands Tribunal in December 2015 for an order to sell all the undivided shares in a building located at Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong aimed at to acquire the last unit (“**Remaining Unit**”) of the building for redevelopment purpose. A court order was received in January 2017 relating to the trial of Project Matheson for 8 days in early July 2017.

##### *(iii) Securities Investment*

The Group has maintained a securities portfolio with a strategy of diversification to reduce effects of price fluctuation of any securities. For the year ended 31 March 2017, the Group held trading securities in the amount of HK\$4,505,000. It was derived from (1) purchase of trading securities of HK\$935,000 during the year; and (2) net decrease in market value in the amount of HK\$2,374,000 of the trading securities. This segment recorded a loss of HK\$14,705,000 for the year ended 31 March 2017.

##### *(iv) Loan Financing*

For the year ended 31 March 2017, this segment recorded a revenue of HK\$6,939,000.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### **Financial Review**

#### ***Revenue***

The Group revenue for the year ended 31 March 2017 was HK\$36,518,000. The decrease in revenue was largely caused by the gradually cessation of garment sourcing and export business segment.

#### ***Gross Profit/Margin***

Gross profit for the year ended 31 March 2017 was HK\$36,347,000. Gross profit margin was 99.5%.

#### ***Loss before Taxation***

Loss before taxation for the year ended 31 March 2017 was HK\$29,592,000. Distribution and selling expenses was HK\$13,000. It was mainly attributable to the reduction of revenue of garment sourcing and export business segment. Administrative expenses were HK\$32,911,000.

For the year ended 31 March 2017, there was a loss on changes in fair value of investment properties amounting to HK\$12,792,000. Finance costs was HK\$19,213,000, of which HK\$11,050,000 is the effective interest expense on convertible notes.

#### ***Loss Attributable to Eminence Shareholders and Loss per Eminence Share***

Loss attributable to shareholders of the Group for the year ended 31 March 2017 was HK\$26,627,000. Net loss margin is increased to 72.9%. For the year ended 31 March 2017, the taxation credit was HK\$2,965,000. Basic and diluted loss per share for the year 31 March 2017 was HK\$0.02.

#### ***Liquidity and Financial Resources***

As at 31 March 2017, total assets of the Group amounted to HK\$3,407,650,000. In terms of financial resources as at 31 March 2017, the Group's total bank balances and cash was HK\$513,490,000 (including bank deposits with original maturity of more than three months).

As at 31 March 2017, the capital base has been strengthened because an aggregate net proceeds of HK\$145.2 million was raised from the placing of new shares and issuing of a convertible note during the year.

As at 31 March 2017, the Group has total bank borrowings of HK\$779,700,000. The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.32. As at 31 March 2017, the Group's current ratio was 3.4.

The Group financed its operation primarily with recurring cash flow generated from its operation, proceeds raised from the capital market and bank financing.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Fund Raising*

During the year ended 31 March 2017, the following corporate actions had taken with the aim to strengthen the Group's financial position and prospects, hence, enhance the shareholders' value:

- (i) On 1 March 2017, Eminence entered into a subscription agreement with Goodco Development Limited as subscriber, a substantial shareholder of Eminence, to subscribe the 2017 convertible note ("**2017CB**") issued by Eminence for a principal amount of HK\$16 million. The 2017CB is a 3% per annum coupon interest for 5 years with the conversion price of HK\$0.16 per share. The transaction was approved by the independent shareholders of Eminence on 26 April 2017 and the 2017CB certificate was issued on 11 May 2017. The net proceeds is approximately HK\$15.5 million which is intended to be applied for general working capital of the Group. As at the date of this report, all the net proceeds have not been utilised yet.
- (ii) On 3 January 2017, Eminence entered into a placing agreement with a placing agent, pursuant to which Eminence has agreed to allot and issue under the specific mandate, and the placing agent has agreed to place 350,000,000 placing shares to independent investors at a placing price of HK\$0.16 per share under a specific mandate and it was approved by the independent shareholders of Eminence on 13 February 2017. The placing was completed on 27 February 2017 and the entire 350,000,000 placing shares have been successfully placed. The net proceeds is approximately HK\$55,440,000 is intended to be applied for the acquisition of the remaining units of the Fung Wah Factorial Building. As at the date of this report, all the net proceeds have not been utilised yet.
- (iii) On 13 October 2016, Eminence entered into an underwriting agreement with an underwriter and proposed to raise not less than HK\$435.6 million and not more than HK\$598.3 million by way of the rights issue by issuing not less than 4,685,496,177 rights shares and not more than 5,808,955,200 rights shares at a subscription price of HK\$0.103 per rights share on the basis of 3 rights shares for every one share held on the record date. However, the resolution was not passed by the independent shareholders on 15 December 2016 and the proposed rights issue was lapsed.
- (iv) On 8 September 2016, Eminence entered into a placing agreement with a placing agent, pursuant to which Eminence has agreed to allot and issue under the general mandate, and the placing agent has agreed to place 223,000,000 placing shares to independent investors at a placing price of HK\$0.18 per share. The placing was completed on 22 September 2016 and the entire 223,000,000 placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK\$39.7 million and intended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

As at the date of this report, all the net proceeds have been fully utilised according to the intended use of which (i) HK\$1.0 million for loan financing business; (ii) HK\$1.5 million for payment of operating expenses; and (iii) HK\$7.0 million for the acquisition of subsidiary; and the balance of HK\$30.2 million for the acquisition of property units of Fung Wah Factorial Building.



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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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- (v) On 13 July 2016, Eminence entered into a subscription agreement with Able Merchant Limited as subscriber, an independent third party, to subscribe the 2016 convertible note (“**2016CB**”) issued by the amount of HK\$50 million. The 2016CB is a 2% per annum coupon interest for 3 years with the conversion price of HK\$0.225. The issuance was completed on 27 July 2016. The net proceeds is approximately HK\$50 million which is intended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group. As at the date of this report, the net proceeds have been fully utilised according to the intended use of which (i) HK\$3.4 million for payment of operating expenses; (ii) HK\$10.0 million for loan financing business; and (iii) HK\$36.6 million for the acquisition of property units of Fung Wah Factorial Building.

### *New Eminence Shares Issued*

As at 31 March 2017, the total number of issued ordinary shares of the Group was 1,911,832,059 shares. A total of 795,222,222 new shares were issued for the year ended 31 March 2017.

- (i) On 22 September 2016, 223,000,000 new shares were issued at the price of HK\$0.18 per share pursuant to the placing agreement entered into with the placing agent on 8 September 2016. Details of the placing agreement are set out in Eminence’s announcement dated 8 September 2016.
- (ii) On 27 February 2017, 350,000,000 new shares were issued at the price of HK\$0.16 per share pursuant to the placing agreement entered into with the placing agent on 3 January 2017. Details of the placing agreement are set out in Eminence’s announcement dated 3 January 2017.
- (iii) For the year ended 31 March 2017, 222,222,222 new shares were issued pursuant to the exercise of conversion rights of 2016CB.

### *Details of 2016CB and 2017CB*

#### *Details of 2016CB*

Particulars of the 2016CB are summarized as follows:

Holder of the 2016CB:	Able Merchant Limited
Principal amount:	HK\$50,000,000
Issue date:	27 July 2016
Maturity date:	26 July 2019
Conversion price:	HK\$0.225 (subject to adjustments)

All the conversion rights attached to 2016CB have been fully exercised by 7 November 2016.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Details of 2017CB*

On 1 March 2017, Eminence entered into a subscription agreement with Goodco Development Limited, a substantial shareholder of Eminence, to subscribe the 2017CB issued by Eminence for a principal amount of HK\$16 million. The 2017CB is a 3% per annum coupon interest for 5 years with the conversion price of HK\$0.16 per share. The transaction was approved by the independent shareholders of Eminence on 26 April 2017 and the convertible note certificate was issued on 11 May 2017.

Particulars of the 2017CB summarized as follows:

Holder of the 2017CB:	Goodco Development Limited
Principal amount:	HK\$16,000,000
Issue date:	11 May 2017
Maturity date:	11 May 2022
Conversion price:	HK\$0.16 (subject to adjustments)

As at 31 March 2017, no exercise of the conversion rights was made since the issue date.

### *Charge on Assets*

As at 31 March 2017, the Group had bank loans amounting to HK\$779,700,000 which were secured by the Group's investment properties and properties held for development for sale with an aggregate net book value of HK\$785,873,000 and HK\$597,868,000 respectively.

### *Material Acquisitions and Disposals*

#### *1st Acquisition of FW Building*

On 13 June 2016 and 20 June 2016, Skill Master Investments Limited ("**Skill Master**"), a wholly-owned subsidiary of Eminence, as purchaser, entered into a sale and purchase agreement and a supplemental agreement with an independent third party to acquire an investment holding company known as Treasure Arts International Limited for a consideration of HK\$51,981,900. Its sole assets are having 20 property purchase agreements with the owners of 20 units of Fung Wah Factorial Building of Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong ("**FW Building**").

The acquisition shall pave way for the Group to acquire the remaining 14 property units and then to redevelop the site of the FW Building. Details of the acquisition are set out in Eminence's announcement dated 13 June 2016 and 13 July 2016. The transaction was approved by shareholders of Eminence on 1 August 2016.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *2nd Acquisition of FW Building*

On 3 August 2016, Skill Master as purchaser entered into a sale and purchase agreement with an independent third party to acquire an investment holding company known as Daily Leader Limited for a consideration of HK\$64,525,000. Its sole assets are having 5 property purchase agreements with the owners of 5 units of FW Building.

The acquisition shall pave way for the Group to acquire the remaining 9 property units and then to redevelop the site of the FW Building. Details of the acquisition are set out in Eminence's announcement dated 3 August 2016. The transaction was approved by the shareholders of Eminence on 7 October 2016.

### *Acquisition of WK Building*

On 28 March 2017, Wealth Plan Development Limited, an indirect wholly-owned subsidiary of Eminence, as purchaser entered into 17 property purchase agreement with the owners of 18 units and the car parking areas of Wing Cheong Industrial Building ("**WK Building**") of No. 121 King Lam Street, Kowloon, Hong Kong for a consideration of HK\$226,053,000. The acquisition shall pave way for the Group to acquire the remaining 6 property units and then to redevelop the site of WK Building.

Details of the acquisition are set out in Eminence's announcement dated 29 March 2017. A special general meeting of Eminence was held on 5 June 2017 and such acquisition was approved by shareholders of Eminence. Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies for the year ended 31 March 2017.

### *Exposure on Foreign Exchange Fluctuations*

Most of the Group's revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. For the year ended 31 March 2017 the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

### *Contingent Liabilities*

The Group did not have any significant contingent liabilities as at 31 March 2017.

### *Capital Expenditure and Capital Commitments*

#### *Capital Expenditure*

For the year ended 31 March 2017, the Group invested HK\$35,580,000 in the purchase of plant and equipment, and spent HK\$14,779,000 on addition of investment properties. These capital expenditures were financed from internal resources and funds from previous fund raising activities of Eminence.

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## APPENDIX IV      MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

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### *Capital Commitments*

As at 31 March 2017, the Group had capital commitments in respect of capital expenditure contracted for but not provided in respect of investment properties of HK\$9,842,000.

### **Employees**

As at 31 March 2017, the Group had 42 employees. Staff costs (including directors' emoluments) amounted to HK\$15,264,000 for the year ended 31 March 2017. The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

### **Prospects**

The Group will continue focusing its efforts in the development of its existing principal businesses: (1) property investment; (2) property development; (3) securities investment; (4) loan financing business and other potential projects with a view to providing steady returns for its shareholders and bring fruitful growth to the Group.

In Hong Kong, despite additional measures imposed by the government to cool the housing market, the impact on the property market was only short-lived. With the prevailing low interest rates and the record of high transacted land prices in the recent land auctions, sentiment in the primary property market has been holding up well, with home buyers' confidence remaining generally strong.

In addition, the Group will further extend its principal business and direct its resources to loan financing services and it is expected that such business will continue to be part of the main income stream of the Group. Meanwhile, we will also maintain astringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investments.

We believe that, in such a volatile economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group sustainable growth.

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## **APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B**

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### **MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A**

Set out below is the management discussion and analysis of Company A for the period from 12 April 2019 (date of incorporation) to 9 July 2019 (the “**Period**”), which should be read in conjunction with the accountants’ report of Company A in Appendix II to this circular.

#### **BUSINESS REVIEW**

Company A is a private company incorporated in Anguilla with limited liability and its registered office is located at OMC Offices, Babrow Building, The Valley, AI-2640 Anguilla, British West Indies. During the Period, the principal activity of Company A was investment holding in Hong Kong.

#### **FINANCIAL REVIEW**

##### **Revenue**

Company A has no turnover during the Period.

##### **Capital structure**

The capital structure of Company A consists of net debt, which includes the amount due to the sole director/shareholder. As of 9 July 2019, the total number of issued shares capital was 1, representing approximately HK\$8.

##### **Net Assets**

As at 9 July 2019, Company A recorded total assets of approximately HK\$5,000,000 which were financed by liabilities of approximately HK\$4,999,992 and equity of approximately HK\$8. The net asset value as 9 July 2019 was approximately HK\$8.

##### **Amount due to the sole director/shareholder**

The amount due to sole director/shareholder is unsecured and interest-free. The loan is to be disposed to the new shareholder, the new shareholder and the sole director/shareholder have confirmed not to demand payment within 12 months after the Period.

##### **Liquidity and financial position**

Company A had no cash and cash equivalents were as of 9 July 2019, and there were no current assets as of 9 July 2019.

Company A had total liabilities of approximately HK\$4,999,992 as of 9 July 2019. As at 9 July 2019, there was no banks and other borrowings for Company A.

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## APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B

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### Treasury Policies

Company A generally finances its operations through borrowing from sole director/shareholder.

### Exposure on Foreign Exchange Fluctuations

During the Period, Company A did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The risk of exposure to the currency fluctuation to be minimal.

### Dividends

No dividends have been paid by Company A in respect of the Period.

### Significant investments, contingent liabilities and capital commitment

During the Period, Company A entered into a provisional agreement for the sale and purchase of the entire issued share capital and shareholder's loan of Jumbo Rainbow Limited ("**Jumbo**", a company incorporated in the British Virgin Islands with limited liability) at a total cash consideration of HK\$280,000,000 (the "**Jumbo Sale Share Agreement**") on 20 June 2019 (the "**Date of the Jumbo Sale Share Agreement**"). Pursuant to the Jumbo Sale Share Agreement, Company A is committed to buy Jumbo and its subsidiary, Silver Prosper Holdings Limited (a company incorporated in Hong Kong with limited liability), which is the registered owner of the following properties:

- (i) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 9 of Section A of Marine Lot No. 245); and
- (ii) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 3 of Section A of Marine Lot No. 245).

At the time of signing of the Jumbo Sale Share Agreement, there were 11 tenancy/licence agreements in force for:

- 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong; and
- G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong.

Up to 9 July 2019, Company A has paid HK\$5,000,000 as initial deposit under the Jumbo Sale Share Agreement (representing approximately 1.7857% of the total consideration under the Jumbo Sale Share Agreement). A further deposit of HK\$23,000,000 was paid on 18 July 2019 with the remaining balance of HK\$252,000,000 to be settled on completion of the Jumbo Sale Share Agreement.

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## APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B

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### **Director's remuneration**

#### **(i)      *Director's remuneration***

No remuneration was paid to Company A's sole director during the Period.

#### **(ii)      *Employees' remuneration***

Company A has no employee, thus no remuneration was paid to any employees during the Period.

### **Charges on assets**

No charges on assets had been made by Company A in respect of the Period.

### **Gearing ratio**

As of 9 July 2019, the gearing ratio (being the ratio of total liabilities to total assets) of Company A was 100%.

### **Event after the Period**

Up to 9 July 2019, Company has paid HK\$5,000,000 as initial deposit under the Jumbo Sale Share Agreement. A further deposit of HK\$23,000,000 was paid on 18 July 2019.

The remaining balance of HK\$252,000,000 shall be payable on completion of the Jumbo Sale Share Agreement. The Jumbo Sale Share Agreement is to be completed on or before 31 October 2019, or such other date no later than 5 months from the Date of Jumbo Sale Share Agreement.

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## **APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B**

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### **MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY B**

Set out below is the management discussion and analysis of Company B for the period from 12 April 2019 (date of incorporation) to 9 July 2019 (the “**Period**”), which should be read in conjunction with the accountants’ report of Company B in Appendix II to this circular.

#### **BUSINESS REVIEW**

Company B is a private company incorporated in Anguilla with limited liability and its registered office is located at OMC Offices, Babrow Building, The Valley, AI-2640 Anguilla, British West Indies. During the Period, the principal activity of Company B was property investment in Hong Kong.

#### **FINANCIAL REVIEW**

##### **Revenue**

Company B has no turnover during the Period.

##### **Capital structure**

The capital structure of Company B consists of net debts, which includes the amount due to the sole director/shareholder. As of 9 July 2019, the total numbers of issued shares capital was 1, representing approximately HK\$8.

##### **Net Assets**

As at 9 July 2019, Company B recorded total assets of approximately HK\$9,000,000 which were financed by liabilities of approximately HK\$8,999,992 and equity of approximately HK\$8. The net asset value as 9 July 2019 was approximately HK\$8.

##### **Amount due to the sole director/shareholder**

The amount due to sole director/shareholder is unsecured and interest-free. The loan is to be disposed to the new shareholder, the new shareholder and the sole director/shareholder have confirmed not to demand payment within 12 months after the Period.

##### **Liquidity and financial position**

There was no cash and cash equivalents nor current assets for Company B as of 9 July 2019.

Company B had total liabilities of approximately HK\$8,999,992 as of 9 July 2019. As at 9 July 2019, there was no banks and other borrowings.



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## APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B

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### Treasury Policies

Company B generally finances its operations through borrowing from sole director/shareholder.

### Exposure on Foreign Exchange Fluctuations

During the Period, Company B did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The risk of exposure to the currency fluctuation to be minimal.

### Dividends

No dividends have been paid by Company B in respect of the Period.

### Significant investments, contingent liabilities and capital commitment

During the Period, Company B entered into 8 provisional agreements for the sale and purchase (altogether the “**Property Purchase Agreements**”) of the following properties (“**Properties**”) situated at No. 1D and 1E Davis Street, Kennedy Town, Hong Kong at a total cash consideration of HK\$344,500,000:

- (i) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1D Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 8 of Section A of Marine Lot No. 245); and
- (ii) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong (also known as Sub-section 1 of Section A of Marine Lot No. 245).

At the time of signing of the Property Purchase Agreements, there were 7 tenancy/licence agreements in force for:

- G/F, No. 1D Davis Street, Kennedy Town, Hong Kong; and
- G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong.

Up to 9 July 2019, Company B has paid initial deposits of HK\$9,000,000.

As at the Latest Practicable Date, a total deposit of HK\$34,450,000 was paid under the Property Purchase Agreements (representing approximately 10.00% of the total consideration under all the Property Purchase Agreements) to the property vendors. Stamp duty of HK\$77,482,500 and HK\$3,400,000 was paid on 25 July 2019 and 29 July 2019 respectively. Upon completion of the Property Purchase Agreements, Company B will have to pay the balance of the consideration in the sum of HK\$310,050,000 to the property vendors.

According to the Property Purchase Agreements, Company B is not required to pay any commission fee to the property agents.

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## APPENDIX V      MANAGEMENT DISCUSSION AND ANALYSIS OF COMPANY A AND COMPANY B

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### Director's remuneration

(i) *Director's remuneration*

No remuneration was paid to Company B's sole director during the Period.

(ii) *Employees' remuneration*

Company B has no employee, thus no remuneration was paid to any employees during the Period.

### Charges on assets

No charges on assets had been made by Company B in respect of the Period.

### Gearing ratio

As of 9 July 2019, the gearing ratio (being the ratio of total liabilities to total assets) of Company B was 100%.

### Event after the Period

On 10 July 2019, Company B paid a total of HK\$25,450,000 as further deposits and together with the initial deposits of HK\$9,000,000 paid up to 9 July 2019, Company B has paid a total of HK\$34,450,000 under the Property Purchase Agreements. Stamp duty of HK\$77,482,500 and HK\$3,400,000 was paid on 25 July 2019 and 29 July 2019 respectively. Company B is pending for the completion of the Property Purchase Agreements and payment to the property vendors of HK\$58,050,000 and HK\$252,000,000, representing the balance of the purchase price for the Properties, on or before 25 September 2019 and 10 October 2019, respectively.

*The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Property to be acquired by the Group for development as at 9th August 2019.*

**Vigers Appraisal and Consulting Limited**

*International Property Consultants*

27/F, Standard Chartered Tower,

Millennium City 1, 388 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 6651-5330 E-mail: gp@vigers.com

www.vigers.com



12th August 2019

**The Board of Directors****Eminence Enterprise Limited**

Block A, 7th Floor,

Hong Kong Spinners Industrial Building Phase 6,

Nos. 481–483 Castle Peak Road,

Cheung Sha Wan, Kowloon, Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the Property to be acquired by a wholly-owned subsidiary of “Eminence Enterprise Limited” (referred to as “**the Company**” and collectively referred to as “**the Group**”), we confirm that we have inspected the Property externally, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 9th August 2019 (the “**Valuation Date**”).

**BASIS OF VALUE**

Our valuation is our opinion of market value of the Property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2017 Edition)” published by “The Hong Kong Institute of Surveyors” (“**HKIS**”), “RICS Valuation – Global Standards 2017” published by the “Royal Institution of Chartered Surveyors” (“**RICS**”), relevant provisions in the Companies Ordinance and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (Main Board) published by “The Stock Exchange of Hong Kong Limited” (“**HKEx**”).

**VALUATION APPROACH**

In our valuation, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable property with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of values.

**TITLE INVESTIGATIONS**

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

**VALUATION CONSIDERATION**

On-site external inspection to the Property was carried out by Mr. Jeff M.C. LIU BSc(Hons) on 22nd July 2019. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

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

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

**VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state but without the effect of any deferred term contract, leaseback, management agreement or any other similar arrangement which may serve to affect the value of the Property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

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

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development or to be erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected on the Property.

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

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars (“**HK\$**”), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,  
For and on behalf of  
**VIGERS APPRAISAL AND CONSULTING LIMITED**

**David W. I. CHEUNG**  
*MRICS MHKIS RPS(GP) CREA*  
RICS Registered Valuer  
Executive Director

**Eric W. L. TANG**  
*MRICS*  
RICS Registered Valuer  
Director

*Note:* Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 36 years’ valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 11-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 15 years’ valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 11-year of experience with Vigers Appraisal and Consulting Limited.

## Property to be acquired by the Group for development

The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
Ground Floor to Fifth Floor, Nos. 1B-1E Davis Street, Kennedy Town, Hong Kong (“The Property”)	Completed in 1962, Nos. 1B-1E Davis Street (the “Property”) is located at the northeastern side of Davis Street near its junction of Catchick Street in Kennedy Town district on the Hong Kong Island. The Property comprises two 5-storey of tenement buildings erected over 1 storey of commercial podium.	According to the information provided by the Group, the occupancy status of the Property is summarized in Note 4. below.	i. The existing use value of the Property subject to the existing tenancies for tenanted portion and assuming sale with the benefit of immediate vacant possession for owner-occupied/vacant portion is HK\$317,000,000 only.
All shares or parcels of ground known and registered at the Land Registry as in Sub-section 9, Sub-Section 3, Sub-Section 8 and Sub-Section 1 of Section A of Marine Lot No. 245.	Upon our inspection and according to the information provided by the Group, the Property comprises 20 residential units and 4 retail shops with a total saleable area of approximately 1,568.50 square metres (or 16,876 square feet). The breakdown of areas of the Property is listed in Note 3. Below.  The Property is erected on 4 parcel of sites with a total registered site area of 431.0705 square metres (or 4,640 square feet) approximately.  Marine Lot No. 245 is held under Government Lease for a term of 999 years from 24th June 1892 with Government Rent payable of HK\$14.00 per annum from time to time.		ii. The site value of the 100% interests of the Site Assuming bare site status is HK\$720,000,000 only.

## Notes:

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

Property	Registered Owner and Last Transaction
G/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11022400770048 dated 26th January 2011
1/F including Flat Roof, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120014 dated 15th April 2011
2/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120028 dated 15th April 2011
3/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120034 dated 15th April 2011
4/F, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120046 dated 15th April 2011
5/F and Roof, No. 1B Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120057 dated 15th April 2011
G/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 14043002470076 dated 7th April 2014
1/F including Flat Roof, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120064 dated 15th April 2011

Property	Registered Owner and Last Transaction
2/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120072 dated 15th April 2011
3/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120086 dated 15th April 2011
4/F, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 10120900470163 dated 15th April 2011
5/F and Roof, No. 1C Davis Street	SILVER PROSPER HOLDINGS LIMITED vide Memorial No. 11050901120096 dated 15th April 2011
G/F, No. 1D Davis Street	REAL VICTORY INTERNATIONAL LIMITED vide Memorial No. 09040601980016 dated 11th March 2009
1/F, No. 1D Davis Street	WOO CHI HUNG vide Memorial No. UB7181029 dated 9th July 1997
2/F, No. 1D Davis Street	LEE TAK HUNG DANNY and LAM FUNG MING vide Memorial No. 11062902370067 dated 9th June 2011
3/F, No. 1D Davis Street	CHIU TONY LAIPONG vide Memorial No. UB6785208 dated 4th October 1996
4/F, No. 1D Davis Street	LEE TAK MAN vide Memorial No. UB8425839 dated 31st May 2001
5/F and Roof, No. 1D Davis Street	CHAN YUK YING vide Memorial No. UB8387981 dated 27th April 2001
No. 1E Davis Street	GREAT CHOICE ASSOCIATES LIMITED vide Memorial No. UB6595109 dated 27th April 2001

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

**Property : Encumbrances**

G/F to 5/F, No. 1B Davis Street	<ol style="list-style-type: none"> <li>1. Deed of Mutual Covenant vide Memorial No. UB1571661 dated 30th August 1978;</li> <li>2. Mortgage to secure all moneys in respect of General Banking Facilities (pt.) in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 18052802400358 dated 21st May 2018;</li> <li>3. Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 18052802400369 dated 21st May 2018; and</li> <li>4. Order No. "DR00270/HK/18" by The Building Authority under S. 28(3) of The Buildings Ordinance vide Memorial No. 18071300630246 dated 15th June 2018</li> </ol>
G/F to 5/F, No. 1C Davis Street	<ol style="list-style-type: none"> <li>1. Deed of Mutual Covenant vide Memorial No. UB2395080 dated 20th July 1983;</li> <li>2. Mortgage to secure all moneys in respect of General Banking Facilities (pt.) in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 18052802400358 dated 21st May 2018; and</li> <li>3. Rent Assignment in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 18052802400369 dated 21st May 2018</li> </ol>
G/F to 5/F, No. 1D Davis Street	<ol style="list-style-type: none"> <li>1. Deed of Mutual Covenant vide Memorial No. UB2357685 dated 15th September 1982;</li> <li>2. Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. UB6012366 dated 18th May 1994;</li> <li>3. Re-registration of Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. 05101402110018 dated 18th May 1994;</li> <li>4. Memorandum of Change of Name vide Memorial No. 17082802190214 dated 21st August 2017; and</li> <li>5. Debenture and Mortgage in favor of Hang Seng Bank Limited vide Memorial No. 18051002470087 dated 30th April 2018</li> </ol>
No. 1E Davis Street	Nil

3. As measured from the approved General Building Plans and the information from the Rating Valuation Department, the floor areas of the Property are tabulated as follows:

Property	Saleable Area	Ancillary Area	Remarks
G/F, No. 1B Davis Street	78.78 square metres or 848 square feet	9.57 square metres or 103 square feet	Yard
1/F including Flat Roof, No. 1B Davis Street	63.40 square metres or 682 square feet	13.70 square metres or 147 square feet	Flat Roof
2/F, No. 1B Davis Street	63.40 square metres or 682 square feet		
3/F, No. 1B Davis Street	63.40 square metres or 682 square feet		
4/F, No. 1B Davis Street	63.40 square metres or 682 square feet		
5/F and Roof, No. 1B Davis Street	63.40 square metres or 682 square feet		
G/F, No. 1C Davis Street	78.78 square metres or 848 square feet	9.57 square metres or 103 square feet	Yard
1/F including Flat Roof, No. 1C Davis Street	61.90 square metres or 666 square feet	13.70 square metres or 147 square feet	Flat Roof
2/F, No. 1C Davis Street	61.90 square metres or 666 square feet		
3/F, No. 1C Davis Street	61.90 square metres or 666 square feet		
4/F, No. 1C Davis Street	61.90 square metres or 666 square feet		
5/F and Roof, No. 1C Davis Street	61.90 square metres or 666 square feet		
G/F, No. 1D Davis Street	78.78 square metres or 848 square feet	9.57 square metres or 103 square feet	Yard
1/F, No. 1D Davis Street	61.90 square metres or 666 square feet	13.70 square metres or 147 square feet	Flat Roof
2/F, No. 1D Davis Street	61.90 square metres or 666 square feet		
3/F, No. 1D Davis Street	61.90 square metres or 666 square feet		
4/F, No. 1D Davis Street	61.90 square metres or 666 square feet		
5/F and Roof, No. 1D Davis Street	61.90 square metres or 666 square feet		
G/F, No. 1E Davis Street	78.97 square metres or 850 square feet	9.57 square metres or 103 square feet	Yard
1/F, No. 1E Davis Street	63.40 square metres or 682 square feet	13.70 square metres or 147 square feet	Flat Roof
2/F, No. 1E Davis Street	63.40 square metres or 682 square feet		
3/F, No. 1E Davis Street	63.40 square metres or 682 square feet		
4/F, No. 1E Davis Street	63.40 square metres or 682 square feet		
5/F and Roof, No. 1E Davis Street	63.40 square metres or 682 square feet		



4. According to the information provided by the Group, the occupancy status of the Property is summarized as follows:

Property	Occupancy Status	Lease Term	Monthly Rent
G/F, No. 1B Davis Street	Owner-occupied	Not Applicable	Not Applicable
1/F including Flat Roof, No. 1B Davis Street	Tenanted	01/09/2018 to 31/08/2019	HK\$38,800
2/F, No. 1B Davis Street	Tenanted	16/01/2019 to 15/01/2021	HK\$38,000
3/F, No. 1B Davis Street	Tenanted	26/10/2018 to 25/10/2020	HK\$36,700
4/F, No. 1B Davis Street	Tenanted	18/12/2018 to 17/12/2020	HK\$39,000
5/F and Roof, No. 1B Davis Street	Tenanted	15/09/2018 to 14/09/2020	HK\$33,500
G/F, No. 1C Davis Street	Tenanted	08/12/2018 to 07/12/2020	HK\$80,000
1/F including Flat Roof, No. 1C Davis Street	Tenanted	15/07/2018 to 14/07/2020	HK\$39,000
2/F, No. 1C Davis Street	Tenanted	01/09/2018 to 31/08/2020	HK\$36,500
3/F, No. 1C Davis Street	Tenanted	23/01/2019 to 24/01/2021	HK\$36,000
4/F, No. 1C Davis Street	Tenanted	03/08/2018 to 02/08/2020	HK\$34,500
5/F and Roof, No. 1C Davis Street	Tenanted	10/08/2018 to 09/08/2020	HK\$33,000
G/F, No. 1D Davis Street	Tenanted	01/07/2015 to 30/06/2020	HK\$90,720
1/F, No. 1D Davis Street	Owner-occupied	Not Applicable	Not Applicable
2/F, No. 1D Davis Street	Owner-occupied	Not Applicable	Not Applicable
3/F, No. 1D Davis Street	Owner-occupied	Not Applicable	Not Applicable
4/F, No. 1D Davis Street	Owner-occupied	Not Applicable	Not Applicable
5/F and Roof, No. 1D Davis Street	Owner-occupied	Not Applicable	Not Applicable
G/F, No. 1E Davis Street	Tenanted	01/09/2016 to 31/08/2019	HK\$99,000
1/F, No. 1E Davis Street	Tenanted	Monthly basis	HK\$22,500
2/F, No. 1E Davis Street	Tenanted	Monthly basis	HK\$24,500
3/F, No. 1E Davis Street	Tenanted	Monthly basis	HK\$23,000
4/F, No. 1E Davis Street	Tenanted	Monthly basis	HK\$25,000
5/F and Roof, No. 1E Davis Street	Tenanted	Monthly basis	HK\$23,500

5. The Development is located at the northeastern side of Davis Street near its junction of Catchick Street in Kennedy Town district on Hong Kong Island. The locality is a traditional residential area dominated by low to medium rise residential buildings with various ages. The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The MTR Kennedy Town Station is located with 10 minutes' walk away from the Property.

6. Pursuant to Government Lease of Marine Lot No. 245, the property is subject to the salient land lease conditions extracted as follows:

*"...the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty..."*

7. The Property falls within an area zoned "Residential Group A" on Approved Kennedy Town & Mount Davis Outline Zoning Plan No. S/H1/20 ("the **Outline Zoning Plan**") approved on 11th March 2016. According to the explanatory note attached to the Outline Zoning Plan, on land designated "Residential Group A", no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum building heights of 80 metres above Principal Datum, or the height of the existing building whichever is the greater.

8. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

The unit rates of comparable transactions are in the range of about HK\$10,852 to HK\$14,501 per square foot for domestic units and about HK\$30,769 to HK\$82,708 per square foot for retail shops. Our valuation falls within these ranges.

9. We note that Order No. DR00270/HK/18 by The Building Authority under S.28(3) of The Buildings Ordinance was registered regarding Unit B on the Ground Floor to Fifth Floor, No. 1B Davis Street of the Property. In the course of our valuation, we have assumed the aforesaid Order has been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial work(s), if any.

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interests in Shares

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the Listing Rules, were as follows:

#### *Long positions in ordinary shares and underlying shares of the Company*

Name of Director	Capacity	No. of Shares held	No. of underlying Shares held	Total	% of the total issued Shares of the Company (approx.)
Lui Yuk Chu	Interest of controlled corporation (Note 1)	739,330,692	1,560,727,272	2,300,057,964	
	Interest of spouse (Note 2)	–	11,300,000		
	Beneficial owner (Note 3)	–	11,300,000		
				2,322,657,964	62.34%
Kwong Jimmy Cheung Tim	Beneficial owner (Note 4)	–	11,300,000	11,300,000	0.30%

*Notes:*

1. In the 739,330,692 Shares, 93,549,498 Shares and 645,781,194 Shares are registered in the name of and beneficially owned by Landmark Profits Limited and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, a Director of the Company, is interested in approximately 19.09% of the issued share capital of Easyknit. As for the 1,560,727,272 underlying Shares, they comprise of (i) 100,000,000 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares; (ii) 188,000,000 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares; and (iii) 1,272,727,272 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares.
2. These underlying Shares are interests through share options granted by the Company on 14 October 2016 to Mr. Koon Wing Yee, the spouse of Ms. Lui Yuk Chu, under the Share Option Scheme. By virtue of the SFO, Ms. Lui Yuk Chu is deemed to be interested in these 11,300,000 underlying shares held by Mr. Koon Wing Yee.
3. These underlying Shares are interests through share options granted by the Company on 14 October 2016 to Ms. Lui Yuk Chu under the Share Option Scheme.
4. These underlying Shares are interests through share options granted by the Company on 14 October 2016 to Mr. Kwong Jimmy Cheung Tim under the Share Option Scheme.

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

**(b) Substantial Shareholders' Interests**

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the interests and short positions of the persons or corporations other than a Director or chief executive of the Company, in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

***Long positions in ordinary shares and underlying shares of the Company***

Name of substantial shareholder	Notes	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate percentage of the total issued shares of the Company
Koon Wing Yee	<i>i</i>	Interest of spouse	739,330,692	1,572,027,272	2,311,357,964	
	<i>ii</i>	Beneficial owner	–	11,300,000	<u>11,300,000</u>	
					2,322,657,964	62.34%
Goodco Development Limited (“Goodco”)	<i>i</i>	Beneficial owner	645,781,194	1,560,727,272	2,206,508,466	59.22%
Easyknit	<i>i &amp; iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Magical Profits Limited	<i>i &amp; iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Accumulate More Profits Limited	<i>i &amp; iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
The Winterbotham Trust Company Limited	<i>i &amp; iii</i>	Trustee	739,330,692	1,560,727,272	2,300,057,964	61.73%
Winterbotham Holdings Limited	<i>iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Markson International Holding Limited	<i>iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Christopher Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Ivan Geoffrey Douglas Hooper	<i>iii</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Sea Rejoice Limited	<i>i</i>	Interest of controlled corporation	739,330,692	1,560,727,272	2,300,057,964	61.73%
Madian Star Limited	<i>iv</i>	Beneficial owner	547,000,000	673,333,333	1,220,333,333	32.75%
Hu Rong		Beneficial owner	677,925,000	–	677,925,000	18.20%

*Notes:*

- i. In the 739,330,692 Shares, 93,549,498 Shares and 645,781,194 Shares are registered in the name of and beneficially owned by Landmark Profits Limited and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, a Director of the Company, is interested in approximately 19.09% of the issued share capital of Easyknit. Magical Profits Limited is interested in approximately 31.95% of the issued share capital of Easyknit. Magical Profits Limited is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu's family members other than herself and her spouse). 1,572,027,272 underlying Shares comprise of (i) 100,000,000 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares; (ii) 188,000,000 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares; (iii) 1,272,727,272 conversion shares (subject to adjustment) to be issued upon the full conversion of a convertible note held by Goodco and convertible into Shares. The remaining 11,300,000 underlying Share are interests through share options granted to Ms. Lui Yuk Chu on 14 October 2016 under the Share Option Scheme. Ms. Lui Yuk Chu is the spouse of Mr. Koon Wing Yee. By virtue of the SFO, Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 739,330,692 Shares and the 1,572,027,272 underlying Shares of Ms. Lui Yuk Chu.
- ii. These underlying Shares are interests through share options granted by the Company on 14 October 2016 to Mr. Koon Wing Yee under the Share Option Scheme.
- iii. The Winterbotham Trust Company Limited is trustee of The Magical 2000 Trust (the beneficiaries of which included Ms. Lui Yuk Chu's family members other than herself and her spouse). The Winterbotham Trust Company Limited is owned as to 75% by Winterbotham Holdings Limited ("**Winterbotham Holdings**") and 25% by Markson International Holding Limited ("**Markson**") respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. Approximately 99.99% of Markson is owned by Mr. Ivan Geoffrey Douglas Hooper.
- iv. The 673,333,333 underlying Shares are the outstanding convertible Shares to be issued upon the full conversion of the convertible note issued by the Company to Madian Star Limited on 12 June 2015.

### 3. LITIGATION

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

### 4. DIRECTORS' SERVICE CONTRACTS

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

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

<b>Name of director</b>	<b>Name of company</b>	<b>Nature of competing business</b>	<b>Nature of interest</b>
Lui Yuk Chu	Easyknit	Property investment, property development, security investment and loan financing	Director of Easyknit and substantial shareholder of Easyknit

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

**6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

- A. As at the Latest Practicable Date, none of the Directors was interested in any contract or arrangement entered into by Eminence or any of its subsidiaries subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.
- B. Save as disclosed in this circular, at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2019, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to Eminence or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to Eminence or any of its subsidiaries.

**7. MATERIAL CONTRACTS**

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Group within the two (2) years last preceding the date of this circular which are or may be material:

- (a) the acquisition of ground floor with cockloft of No. 11 Matheson Street, Causeway Bay, Hong Kong by Chancemore Limited (a wholly-owned subsidiary of Eminence), as purchaser, on 29 September 2017 at the auction by order of the court of the entire building of Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong for a consideration of HK\$441,000,000;
- (b) the sale and purchase agreement dated 20 November 2017 entered into between Treasure Arts International Group Limited (a wholly-owned subsidiary of Eminence), as purchaser, and certain sellers relating to the acquisition of workshop space A1, ground floor of Fung Wah Factorial Building for a consideration of HK\$53,000,000. Such transaction was approved by the Shareholders on 30 January 2018;
- (c) the placing agreement dated 30 November 2017 entered into between Eminence and Get Nice Securities Limited, as the placing agent, to place 447,000,000 Shares of Eminence at a placing price of HK\$0.055 per Share. The placing was completed on 21 February 2018;

- (d) the provisional sale and purchase agreement dated 11 January 2018 entered into between Lion Capital Investment Limited, a wholly-owned subsidiary of Eminence, as purchaser, and Brilliant Circle Holdings International Limited, as vendor, in respect of the acquisition of Empire Sail Limited of which the major assets were office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor and carparking spaces numbers 329, 330 and 331 on the 3rd Floor at Capital Centre, No. 151 Gloucester Road, Hong Kong and Best Legend International Holdings Limited by a consideration of HK\$295 million. Such transaction was approved by the Shareholders on 11 April 2018;
- (e) a conditional sale and purchase agreement dated 19 November 2018 entered into between Kingbest Capital Holdings Limited (a wholly-owned subsidiary of Eminence), as seller, and Gold Anchor Developments Limited (a wholly-owned subsidiary of Easyknit), as purchaser, in relation to an Eminence company that owns the property known as Nos. 14–20 Inverness Road, Kowloon, Hong Kong registered in the Land Registry as New Kowloon Inland Lot No. 6573 by a consideration of HK\$1,035,000,000;
- (f) a conditional sale and purchase agreement dated 19 November, 2018 entered into between Easyknit Properties Holdings Limited (a wholly-owned subsidiary of Easyknit), as seller, and Sonic Hover Limited (a wholly-owned subsidiary of Eminence), as buyer, in relation to a company (the “**Easyknit Sale Company**”) that owns the property known as Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong registered in the Land Registry as New Kowloon Inland Lot No. 6238 by a consideration of HK\$470,000,000;
- (g) a property management agreement dated 8 March 2019 entered into between UrbanMode (HK) Limited, a wholly-owned subsidiary of Easyknit, as manager, and the Easyknit Sale Company, as registered owner, for the management of Easy Tower by UrbanMode (HK) Limited;
- (h) a subscription agreement dated 26 March 2019 entered into by between a wholly-owned subsidiary of Eminence and Templewater I, G.P in relation to the subscription of the limited partnership interests in a limited partnership with a capital commitment of US\$5 million;
- (i) a third deed of amendment (“**Third Deed**”) dated 26 March 2019 entered into between the Company and Madian Star Limited in relation to the alteration of the subscription price under a convertible note held by Madian Star Limited and convertible into Shares;
- (j) a fourth deed of amendment dated 8 April 2019 entered into between the Company and Madian Star Limited in relation to the termination and replacement of the Third Deed, alteration of the subscription price under a convertible note held by Madian Star Limited and convertible into Shares and imposition of restrictions on conversions that would lead to an offer being required under Rule 26 of the Takeovers Code and/or Eminence breaching the public float requirement under the Listing Rules;
- (k) a sale and purchase agreement dated 24 May 2019 entered into between Lion Capital Investment Limited (a wholly-owned subsidiary of Eminence) as seller and Create Success Investments Limited as purchaser in relation to the sale and purchase of the shares of certain wholly-owned subsidiaries of Eminence, which own office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong, and a related loan;

- (l) the subscription agreement dated 17 June 2019 between Eminence and Goodco relating to the issue by Eminence and subscription by Goodco of a convertible note; and
- (m) the Agreement for Sale and Purchase.

## **8. MATERIAL CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position or outlook of the Group since 31 March 2019, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

## **9. EXPERTS AND CONSENTS**

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

<b>Name</b>	<b>Qualification</b>
COSMO CPA Limited	Certified Public Accountants
Deloitte Touche Tohmatsu	Certified Public Accountants
Vigers Appraisal and Consulting Limited	Independent Professional Valuer

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

- (a) any direct or indirect interest in any assets which have been, since 31 March 2019 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they appear.



**10. GENERAL**

- A. The company secretary of Eminence is Mr. Lee Po Wing, a practising solicitor since 1994.
- B. The registered office of Eminence is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of Eminence in Hong Kong is at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- C. The Hong Kong branch share registrar and transfer office of Eminence is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- D. The English texts of this circular and the enclosed proxy form prevail over the Chinese texts.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at Eminence’s principal place of business in Hong Kong at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of Eminence;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2017, 2018 and 2019;
- (c) the accountants’ reports on Company A and Company B issued by Cosmos CPA Limited as set out in Appendix II to this circular;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular;
- (e) the valuation report prepared by Vigers Appraisal and Consulting Limited as set out in Appendix VI to this circular;
- (f) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (g) the letters of consent referred to in the paragraph headed “Experts and Consents” in this Appendix; and
- (h) a copy of each circular issued by Eminence since 31 March 2019 pursuant to the requirements of Chapter 14 and/or 14A of the Listing Rules, including this circular.

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## NOTICE OF SGM

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### EMINENCE ENTERPRISE LIMITED

### 高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting of Eminence Enterprise Limited will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 9 a.m. on Monday, 23 September 2019 for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed, with or without amendment, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the agreement for sale and purchase (the “**Agreement for Sale and Purchase**”), a copy of which has been produced to the meeting and signed by the Chairman for the purpose of identification, dated 9 July 2019 entered into between the Company’s subsidiary, Above Ace Limited, and Ng Kwai Tung in relation to the acquisition of shares in companies owning real estate at Nos. 1B, 1C, 1D, and 1E Davis Street, Kennedy Town, Hong Kong be and is hereby approved and ratified, and the directors of the Company be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Agreement for Sale and Purchase.”

By Order of the Board  
**Eminence Enterprise Limited**  
**Kwong Jimmy Cheung Tim**  
*Chairman and Chief Executive Officer*

Hong Kong, 6 September 2019

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## NOTICE OF SGM

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*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

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

*Notes:*

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the meeting is be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the meeting.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. For the purpose of determining eligibility to attend and vote at the meeting, the register of members will be closed from Wednesday, 18 September 2019 to Monday, 23 September 2019, both days inclusive, during which period, no transfers of shares in the Company will be registered. In order for the holders to qualify to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 17 September 2019.
8. At the date hereof, the Board comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive directors, and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive directors.