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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)**

**MANDATE FOR POSSIBLE ACQUISITION AND  
MANDATE FOR POSSIBLE DISPOSAL  
IN RELATION TO  
WING CHEONG FACTORY BUILDING  
NO. 121 KING LAM STREET, KOWLOON, HONG KONG**

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A letter from the Board is set out on pages 3 to 13 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 Thursday, 17 October 2019 is set out on pages N-1 to N-3 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.

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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:-*

|  |   |
|--|---|
| “Auction”                              | the public auction of the entire interest in Wing Cheong Factory Building on an “as-is” basis expected to take place by order of the Lands Tribunal and/or any postponement thereof   |
| “Board”                                | the board of Directors of the Company   |
| “Company” or<br>“Eminence”             | Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616)   |
| “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)  |
| “Group”                                | the Company and its subsidiaries  |
| “Group’s Units”                        | the 18 units and 2 car parks of Wing Cheong Factory Building owned by the Group   |
| “Hearing”                              | the hearing by the Lands Tribunal of the Company’s application for an order for sale of Wing Cheong Factory Building  |
| “HK\$”                                 | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Lands Tribunal”                       | the Lands Tribunal established under the Lands Tribunal Ordinance (Cap. 17)   |
| “Latest Practicable Date”              | 27 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   |
| “Lot”                                  | New Kowloon Inland Lot No. 4474   |
| “Mandate for the Possible Acquisition” | the mandate proposed to be granted by the Shareholders at the SGM to the Directors to bid at the Auction at or above the reserve price determined by the Lands Tribunal and if successful to proceed with the Possible Acquisition, or to effect some or all of the Possible Acquisition by agreement before the order for sale |

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## DEFINITIONS

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|-------------------------------------|---|
| “Mandate for the Possible Disposal” | the mandate proposed to be granted by the Shareholders at the SGM to the Directors to dispose of 18 units and 2 car parks of Wing Cheong Factory Building in the Auction  |
| “Ordinance”                         | the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545)   |
| “Possible Acquisition”              | the acquisition of the Remaining Units  |
| “Possible Disposal”                 | the disposal of the Company’s entire interest in the 18 units and 2 car parks of Wing Cheong Factory Building owned by the Company  |
| “Registered Owners”                 | <p>the registered owners of the Remaining Units as recorded in the land register of the Hong Kong Land Registry being:</p> <ul style="list-style-type: none"><li>(i) Xiu Chuan Limited, registered owner of Unit A, G/F., Wing Cheong Factory Building;</li><li>(ii) Ng Suk Ha, registered owner of Unit B, G/F., Wing Cheong Factory Building;</li><li>(iii) Cheung Kwan Tar, registered owner of Units C, D and E, G/F., Wing Cheong Factory Building; and</li><li>(iv) Lo King Wai, registered owner of Unit F, G/F., Wing Cheong Factory Building</li></ul> |
| “Remaining Units”                   | the six (6) units of Wing Cheong Factory Building not owned by the Group, being Units A, B, C, D, E and F of the ground floor of Wing Cheong Factory Building   |
| “SGM”                               | the special general meeting of the Company to be convened to consider, and if thought fit, approve the Mandate for Possible Acquisition and the Mandate for Possible Disposal, notice of which is set out at the end of this circular   |
| “Shareholders”                      | holder(s) of Shares   |
| “Shares”                            | shares of HK\$0.01 each in the share capital of the Company   |
| “Stock Exchange”                    | the Stock Exchange of Hong Kong Limited   |
| “Vigers”                            | Vigers Appraisal and Consulting Limited, a property valuer and an Independent Third Party   |
| “Wealth Plan”                       | Wealth Plan Development Limited, an indirectly wholly-owned subsidiary of the Company and the registered owner of the Group’s Units   |
| “Wing Cheong Factory Building”      | an industrial building at No. 121 King Lam Street, Kowloon, Hong Kong erected on the Lot  |
| “%”                                 | percent   |



**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:*

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Hamilton HM 11  
Bermuda

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Mr. Lau Sin Ming  
Mr. Wu Koon Yin Welly

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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

30 September 2019

*To the Shareholders*

Dear Sir or Madam,

**MANDATE FOR POSSIBLE ACQUISITION AND  
MANDATE FOR POSSIBLE DISPOSAL  
IN RELATION TO  
WING CHEONG FACTORY BUILDING  
NO. 121 KING LAM STREET, KOWLOON, HONG KONG**

**INTRODUCTION**

Reference is made to the announcement of the Company dated 8 August 2019 relating to the Mandate of Possible Acquisition and the Mandate for Possible Disposal.

The purpose of this circular is to provide you with, among other things, (i) further information on the Mandate for Possible Acquisition and the Mandate for Possible Disposal; (ii) financial information of the Group; (iii) an independent property valuation report on Wing Cheong Factory Building including the Remaining Units; (iv) notice of the SGM; and (v) other information required under the Listing Rules.

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## LETTER FROM THE BOARD

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### BACKGROUND

The Company, through its wholly-owned subsidiary, is the registered owner of 18 units and 2 car parks of Wing Cheong Factory Building with a total saleable area of 36,216 sq.ft. representing approximately 86.36% of the undivided shares of Wing Cheong Factory Building.

On 12 September 2018, the Company filed an application to the Lands Tribunal pursuant to the Ordinance for an order to sell all the undivided shares of Wing Cheong Factory Building (including those owned by the Group, as required by the Ordinance) for the purposes of the redevelopment of Wing Cheong Factory Building site, with the intention to bid in the Auction and acquire the Remaining Units (being 6 units) held by the Registered Owners representing 13.64% of the undivided shares of Wing Cheong Factory Building.

On 22 May 2019 the Lands Tribunal set down the application for the Hearing to be held on 21 October 2019 and after the Hearing, it is expected the Lands Tribunal will, *inter alia*, make an order for the sale of Wing Cheong Factory Building by public auction and set a reserve price and date for the Auction. The Company may seek to effect some or all of the Possible Acquisition by agreement with owners of Remaining Units, before the order for sale.

### MANDATE FOR POSSIBLE ACQUISITION

The Company plans to bid at the Auction for Wing Cheong Factory Building.

If the Company is the successful bidder at the Auction, the consideration for the acquisition of the Remaining Units payable by the Company would be approximately 13.64% of the winning bid price.

The Board intends to seek the approval of the Shareholders at the SGM for, *inter alia*, the mandate to:

- bid at the Auction at or above the reserve price determined by the Lands Tribunal and if successful to proceed with the Possible Acquisition, and/or
- effect some or all of the Possible Acquisition by agreement with owners of the Remaining Units, before the order for sale, at a price not exceeding the portion of the value of the property attributable to the relevant Remaining Unit based on the valuation of the Wing Cheong Factory Building on a redevelopment basis by Vigers as at 30 August 2019,

such mandate to be valid for 12 months from the date of the Shareholders' approval.

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## LETTER FROM THE BOARD

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### MANDATE FOR POSSIBLE DISPOSAL

If the Company is not successful at the Auction, the Company will be obliged to sell its entire interest in the 18 units and 2 car parks of Wing Cheong Factory Building to the successful bidder at the Auction.

The Board intends to seek the approval of the Shareholders at the SGM for, *inter alia*, the mandate to dispose of the 18 units and 2 car parks of Wing Cheong Factory Building by public Auction, such mandate to remain valid for 12 months from the date of the Shareholders' approval.

### FAILURE TO OBTAIN SHAREHOLDERS' APPROVAL

In the event either or both Mandates are not approved by Shareholders, the Company will either seek a stay of proceedings or withdraw its application for an order for sale. No decision about which is preferable has yet been made.

A stay of proceedings will give the Company time to consider its position and if thought appropriate again to seek approval for the Mandates, with or without amendment, if it decides that to do so is in its interest. The Company may recommence proceedings or withdraw its application for an order for sale if it so decides. The latest time to withdraw the application is the first day of the Hearing.

### INFORMATION ON WING CHEONG FACTORY BUILDING

Wing Cheong Factory Building, a 49 years' building, is a 10-storey industrial building comprising 24 units and 2 car parking areas located at No. 121 King Lam Street, Kowloon, Hong Kong (also known as New Kowloon Inland Lot no. 4474). It is erected on the Lot and has a registered site area of approximately 5,483 sq.ft.

According to a valuation report issued by Vigers, the value of the Lot on a redevelopment bare site basis was HK\$340,600,000 as of 30 August 2019.

If the Company is successful at the Auction, Wing Cheong Factory Building will be demolished and redeveloped. The tentative/current plan is to redevelop Wing Cheong Factory Building into an industrial building with modern amenities and facilities, more loading/unloading bays and maximise floor area allowable under all relevant laws and regulations which maximize the usage and potential of the Lot to its fullest extent.

### Information on the 18 units and 2 car parks owned by the Group

The Company, through its wholly-owned subsidiary, is the registered owner of 18 units and 2 car parks of Wing Cheong Factory Building with a total saleable area and total gross floor area of 36,216 sq.ft. and 41,301 sq.ft. respectively, representing approximately 86.36% of the undivided shares of Wing Cheong Factory Building. As at the Latest Practicable Date, 15 units and 2 car parks were leased and the annual rental is approximately HK\$5,284,000.

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## LETTER FROM THE BOARD

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The book value of the Group's 18 units and 2 car parks in Wing Cheong Factory Building as at 31 March 2019 was HK\$256,960,000. According to the valuation report issued by Vigers, the market value on an existing use basis as of 30 August 2019 for the 18 units and 2 car parks owned by the Group was approximately HK\$185,590,000. The net profit (loss) after taxation attributable to the Group's 18 units and 2 car parks in Wing Cheong Factory Building for the financial year ended 31 March 2018 and 2019 was a profit HK\$97,000 and a loss of HK\$389,000 respectively.

### **Information on the Remaining Units**

The Remaining Units are Units A, B, C, D, E and F on the ground floor of Wing Cheong Factory Building with a total saleable area and total gross floor area of approximately 2,183 sq.ft. and 5,317 sq.ft. respectively. The Registered Owners are the owners of the Remaining Units, representing 13.64% of the undivided shares of Wing Cheong Factory Building.

According to the valuation report issued by Vigers, the market value on an existing use basis as of 30 August 2019 of the Remaining Units was approximately HK\$25,739,000, being the existing use value of the whole Wing Cheong Factory Building of HK\$211,329,000 over the existing use value of the Group's Units of HK\$185,590,000. These are shown in Appendix V of this circular.

No tenancy agreement was found on a search of the Land Registry as at the Latest Practicable Date. The Company tried to obtain financial information about the Remaining Units required by the Listing Rules and approached the owners of the Remaining Units. Despite repeated requests made by the Company to the Registered Owners, the Company has been unable to gain access to the underlying books and records relating to the Remaining Units and therefore has no information regarding the income, net profits, direct costs and other expenses relating to the Remaining Units.

The relevant information of the Remaining Units is thus not available to the Company despite its repeated efforts to obtain the same, and as the Company intends to redevelop Wing Cheong Factory Building, the historical information of the Remaining Units would not be useful or relevant to the Shareholders. The Company has therefore applied for waivers from strict compliance on Listing Rules 14.58(4), 14.58(7), and 14.67(6)(b)(i) and (ii) and the same was granted by Stock Exchange.

### **BID PRICE AT THE AUCTION**

The Company may bid at or more than the reserve price at the Auction but the Director do not intend to bid at a price in excess of the valuation by Vigers but may do so if they consider that it is in the best interest of the Company. If the Company is the successful bidder, the Company will be obliged to pay the apportioned winning bid price to the Registered Owners with reference to their ownership percentage of Wing Cheong Factory Building. Accordingly, the consideration for the acquisition of the Remaining Units payable by the Group would be approximately 13.64% of the successful bid price. All stamp duty and registration fees on transfer of the Remaining Units will be payable by the Company, if it is the successful bidder at the Auction. The Possible Acquisition will be financed by bank loans, corporate finance and/or cash from internal resources of the Company.



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## LETTER FROM THE BOARD

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The Company will consider, *inter alia*, the following factors in making a decision on whether to bid and its bid price at the Auction which will in any event not be less than the reserve price as determined by the Lands Tribunal:

1. the valuation report issued by Vigers valuing the Lot as at 30 August 2019;
2. the existing use value and redevelopment value of Wing Cheong Factory Building;
3. the latest transacted prices of comparable properties in Cheung Sha Wan at the time;
4. the breakeven price on the sale of 18 units and 2 car parks of Wing Cheong Factory Building owned by the Group based on their aggregate book value as at 31 August 2019, being HK\$258,296,000 (which is the sum of the book value of the Group's Units of approximately HK\$256,960,000 as at 31 March 2019 and capitalized bank loan interest and arrangement fee of approximately HK\$1,336,000). The balance of HK\$256,960,000 as at 31 March 2019 represented the carrying value at the Group (consolidated) level, while HK\$269,217,000 as at 31 March 2019 (as mentioned in the announcement of the Company dated 8 August 2019) represented the carrying value at Wealth Plan's level. The difference was related to inter-company's interest expenses;
5. the availability of internal resources and banking facilities;
6. the property market conditions at the time of the Auction and in the near and mid-term; and
7. the bids made by competitors at the Auction.

The Company will not bid at a price that exceeds the valuation by Vigers on a redevelopment basis but may do so if the Directors consider that it is in the best interest of the Company. The Directors believe that given the transparency of the Lands Tribunal's determination of the reserve price, after taking into consideration the valuations of independent professional valuers at the Hearing, the Auction of Wing Cheong Factory Building will at least be at fair current market value and not detrimental to the interest of the Company. The Company has applied for a waiver from strict compliance with Listing Rule 14.58(4) and the same has been granted by the Stock Exchange.

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## LETTER FROM THE BOARD

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Shareholders should be aware of the following recent transactions of comparable properties in Cheung Sha Wan:

| <b>Transaction Date</b> | <b>Description of the Property</b>                                     | <b>Age of the Building</b> | <b>Saleable Area<br/>(sq.ft.)</b> | <b>Consideration<br/>(HK\$)</b> | <b>Price psf<br/>(HK\$)</b> |
|-------------------------|--|----------------------------|-----------------------------------|---------------------------------|-----------------------------|
| 30 June 2017            | Unit A, G/F, Hang Cheong Factory Building, 1 Wing Ming Street          | 49                         | 1,057                             | 14,500,000                      | 13,718                      |
| 22 February 2017        | Unit 5, G/F., Yuen Shing Industrial Building, 1033 Yee Kuk West Street | 31                         | 1,602                             | 17,300,000                      | 10,799                      |
| 3 August 2015           | Unit B3, G/F., Por Mee Factory Building, 500 Castle Peak Road          | 48                         | 488                               | 6,800,000                       | 13,934                      |

### AUCTION PROCESS

The Hearing of the Lands Tribunal has been set for 21 October 2019 and the Company expects that after the Hearing an order for sale will be made by the Lands Tribunal for the sale of the entire Wing Cheong Factory Building (including the Remaining Units and those units owned by the Group) by way of public auction with a reserve price. The Company understands that in determining reserve price in hearings of this nature the Lands Tribunal generally takes into account the valuations made by independent professional valuers and the reserve price in the Auction is likely to be in line with the current market values determined by such independent professional valuers. In normal circumstances, the Auction shall be held within three (3) months from the date of the order for sale made by the Lands Tribunal, with an extension of another three (3) months if the circumstances so require.

The Lands Tribunal will appoint two (2) trustees, who will be in charge of the conduct of the Auction and subsequent apportionment and distribution of sale proceeds. The trustees are usually qualified solicitors practicing in Hong Kong and will be third parties independent of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules). The Auction will be open to the public and any party may bid at the Auction.

The Company understands that the bidding process for the Auction will be fully in accordance with normal market practice and conducted by a professional auctioneer appointed by the trustees and that Wing Cheong Factory Building will be sold to the highest bidder at the Auction, providing the reserve price is met.

At the Auction, bidders will make open bids for Wing Cheong Factory Building in full view of each other and with each bid being immediately known to all participants, as in a Government land auction, in a process controlled by the auctioneer. The Company believes that the terms of the Auction will be consistent with the best market practice, overseen by the trustees who will be independent professionals.

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## LETTER FROM THE BOARD

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According to Section 5(4) of the Ordinance, if Wing Cheong Factory Building is not sold by auction within three (3) months from the date of the order for sale (or, if the Lands Tribunal grants an extension for another three (3) months, then a total of six (6) months) the order for sale will cease to have any legal effect. Upon the order for sale being annulled, the Company and the Registered Owners shall continue to hold their same interest(s) (respectively) as that prior to the commencement of the application under the Ordinance as if no application was ever made for the order for sale.

Given the open bidding process at the Auction, the publicly available information on Wing Cheong Factory Building, the valuations of Wing Cheong Factory Building and the transparent nature of the Hong Kong property market, the Directors are satisfied that they have all information necessary to make a properly-informed bid at the Auction.

The Company may also seek to acquire some or all of the Remaining Units before an order for sale is made.

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

The reason for the Possible Acquisition is to gain full ownership of Wing Cheong Factory Building for redevelopment and to unlock the commercial potential for the Lot.

The value of the entire Wing Cheong Factory Building including the Remaining Units lies in the redevelopment potential of the Lot instead of its current use value.

The Directors consider that Wing Cheong Factory Building site has great commercial potential given its good location and redevelopment potential. Success at the Auction would enable the Company to unlock the commercial value of the Lot which will contribute to revenue for the Group. Having evaluated the viability of the Wing Cheong Factory Building redevelopment project on a number of fronts, including financial viability, the Company took the view that it is beneficial to proceed with the project.

The Directors consider that the Possible Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms of sale by public auction will be fair and reasonable.

### **REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL**

If the Company is not successful at the Auction, the Company will sell all 18 units and 2 car parks of Wing Cheong Factory Building owned by the Company to the successful bidder.

The aggregate book value of the Group's 18 units and 2 car parks in Wing Cheong Factory Building as at 31 August 2019 was HK\$258,296,000. Based on the valuation report issued by Vigers, the market value on a redevelopment bare site basis of the entire Wing Cheong Factory Building as at 30 August 2019 was approximately HK\$340,600,000. If the Possible Disposal proceeds at such valuation price, the implied value for the 18 units and 2 car parks will be approximately HK\$299,150,000. Accordingly, the Company expects to

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## LETTER FROM THE BOARD

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recognize a gain on disposal of approximately HK\$40,854,000 (being the excess of the valuation over the book value). The actual amount of the gain will depend on the successful bidder's bid price.

Although the Company would lose the opportunity to redevelop the Lot, the disposal would improve its cash flow and realise a gain for the Group. The sale proceeds received from the Possible Disposal will be used by the Group for in or towards financing the acquisition of properties on Davis Street, Kennedy Town announced by the Company on 10 July 2019, and associated costs, as well as future projects and for general working capital.

Based on the above reasons, the Directors are of the view that the Possible Disposal is in the interests of the Company and the Shareholders as a whole and that the terms of sale by public auction will be fair and reasonable.

### **IMPLICATIONS UNDER THE LISTING RULES**

Based on the valuation report issued by Vigers, the market value on a redevelopment bare site basis of the entire Wing Cheong Factory Building as at 30 August 2019 was approximately HK\$340,600,000.

#### **The Possible Acquisition**

If the consideration for the Possible Acquisition is HK\$340,600,000, the implied value of the Remaining Units will be approximately HK\$41,450,000. As one or more of the applicable percentage ratios of the Possible Acquisition will exceed 25% but less than 100%, the Possible Acquisition would constitute a major transaction for the Company under Rule 14 of the Listing Rules and therefore it is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. The Possible Acquisition of the Remaining Units will be a major transaction but will not be a very substantial acquisition.

#### **The Possible Disposal**

If the consideration for the Possible Disposal is HK\$340,600,000, the implied value of the 18 units and 2 car parks owned by the Group will be approximately HK\$299,150,000. As one or more of the applicable percentage ratios of the Possible Disposal exceeds 75%, the Possible Disposal would constitute a very substantial disposal for the Company under Rule 14 of the Listing Rules and therefore it is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

### **INFORMATION ON THE REGISTERED OWNERS**

According to public records, Xiu Chuan Limited, one of the Registered Owners, is a company incorporated in Hong Kong with limited liability. The principal business of Xiu Chuan Limited is unknown to the Company. The others appear to be individuals unknown to the Company.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, having made all reasonable enquiries, the Registered Owners of the Remaining Units are third parties, independent of the Company and connected persons of the Company and their respective associates (as defined in the Listing Rules).

### INFORMATION ON THE GROUP

The Group is principally engaged in the property investment, property development, securities investment and loan financing businesses. The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the PRC.

### FINANCIAL EFFECTS OF THE POSSIBLE ACQUISITION

#### Earnings

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix III to this circular which does not take into account the income, direct costs and other expenses relating to the Remaining Units, the effect of the Possible Acquisition on the Group's financial position as at 31 March 2019 is that loss will increase by approximately HK\$0.6 million being the estimated transaction costs attributable to this circular. The Company, through its legal advisers in this transaction, has been unable to gain full access to the underlying books and records and has no information regarding the income, direct costs and other expenses relating to the Remaining Units. Accordingly, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix III to this circular does not take into account the income, direct costs and other expenses relating to the Remaining Units.

#### Assets and Liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix III to this circular, the effect of the Possible Acquisition is that (i) properties held for development for sale will increase by approximately HK\$43.0 million and (ii) cash reserve will decrease by approximately HK\$43.6 million.

### FINANCIAL EFFECTS OF THE POSSIBLE DISPOSAL

#### Earnings

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix IV to this circular, the effect of the Possible Disposal on the Group's financial position as at 31 March 2019 is that profit will increase by approximately HK\$36.7 million. Based on rental income generated for the year ended 31 March 2019, the Group's earnings from the rental income per annum shall decrease by approximately HK\$4.7 million due to the Possible Disposal.

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## LETTER FROM THE BOARD

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### **Assets and Liabilities**

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix IV to this circular, the effect of the Possible Disposal is that (i) properties held for development for sale will decrease by approximately HK\$257.0 million; (ii) trade and other receivables will decrease by approximately HK\$0.9 million; (iii) cash reserve will increase by approximately HK\$296.5 million and (iv) trade and other payables will decrease by approximately HK\$2.0 million.

### **NON-PARTICIPATION AT AUCTION BY EASYKNIT AND ITS DIRECTORS, AND THE COMPANY'S DIRECTORS**

Easyknit, through its wholly-owned subsidiaries, held approximately 19.84% of the issued voting shares in the Company as at the Latest Practicable Date. Easyknit and its directors and their respective associates (as defined in the Listing Rules) have confirmed that they will each not participate in the Auction. The Company's directors and their respective associates (as defined in the Listing Rules) have also confirmed that they will each not participate in the Auction.

### **GENERAL**

An application has been made by the Company to the Stock Exchange for waivers from the disclosure requirements under Listing Rules 14.58(4), 14.58(7), and 14.67(6)(b)(i) and (ii) and such waivers have been granted by the Stock Exchange.

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Mandate for Possible Acquisition and Mandate for Possible Disposal.

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 Thursday, 17 October 2019 at 9 a.m. is set out on pages N-1 to N-3 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.

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, no Shareholder has a material interest in the Possible Acquisition and the Possible Disposal 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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### 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 Monday, 14 October 2019 to Thursday, 17 October 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 Friday, 11 October 2019.

### RECOMMENDATION

The Board is of the opinion that the Possible Acquisition, the Mandate for Possible Acquisition, the Possible Disposal and the Mandate for Possible Disposal are 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 resolutions to approve the Possible Acquisition and the Possible Disposal to be proposed at the SGM.

### ADDITIONAL INFORMATION

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

### WARNING

**As the Mandate for Possible Acquisition and the Mandate for Possible Disposal are conditional upon the approval of Shareholders, accordingly, the Possible Acquisition and the Possible Disposal may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

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 latest 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 August 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\$923,400,000, which were secured by charges over the Group's properties with an aggregate net book value of approximately HK\$472,400,000 (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

#### *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 Development Limited 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 Development Limited 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 Development Limited 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 August 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 despite an increasingly challenging environment.

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 of 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 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.

**A. PROFIT AND LOSS STATEMENT OF THE REMAINING UNITS**

In accordance with Rule 14.67(6)(b)(i) of the Listing Rules, a profit and loss statement of the Remaining Units for the three financial years ended 31 March 2019 (“**Relevant Financial Years**”) is required to be included in this circular. Despite requests made by the Company’s legal advisers, the Company is unable to gain full access to the underlying books and records or other financial information of the Registered Owners of Remaining Units regarding the rental, direct costs and other expenses for the preparation of the financial information of the Remaining Units for the Relevant Financial Years in strict compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.67(6)(b)(i) of the Listing Rules, such that the following information be disclosed instead. The financial information of the Remaining Units for each of the Relevant Financial Years set out below has been prepared by the Directors solely based on the result of a search of publicly available information about the Remaining Units registered in the Land Register maintained by the Land Registry dated 5 July 2019 (the “**Land Search Record**”). Accordingly, it may not give a true picture of the performance of the Remaining Units during the Relevant Financial Years.

|                        | <b>For the year ended 31 March</b> |                 |                 |
|------------------------|------------------------------------|-----------------|-----------------|
|                        | <b>2017</b>                        | <b>2018</b>     | <b>2019</b>     |
|                        | <i>HK\$'000</i>                    | <i>HK\$'000</i> | <i>HK\$'000</i> |
| <b>Remaining Units</b> |                                    |                 |                 |
| <b>Rental income</b>   | —                                  | —               | —               |

**Basis and assumptions**

1. No rental income for the Relevant Financial Years is derived from the Land Search Record.
2. Pursuant to the Land Search Record, no information was apparent about whether management fees and government rates and rent are to be borne by the landlords or tenant.
3. Save for publicly available information, the Directors do not have access to financial information in relation to the Remaining Units.

**B. VALUATION OF THE REMAINING UNITS**

The valuation report of the Remaining Units as at 30 August 2019 is disclosed in Appendix V to this circular.

## C. PROFIT AND LOSS STATEMENT OF THE GROUP'S UNITS

In accordance with Rule 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statement on the identifiable net income stream of the Group's Units for the period from 28 June 2017, being the date of acquisition of the Group's Units by the Group, to 31 March 2018, and the year ended 31 March 2019 are set out below.

|  | Period from<br>28 June 2017<br>to 31 March<br>2018<br><i>HK\$'000</i> | Year ended<br>31 March<br>2019<br><i>HK\$'000</i> |
|--|---|---|
| <b>Group's Units</b>   |   |   |
| Rental income  | 1,844   | 4,715   |
| Other income   | 15  | 11  |
| Administrative expenses  | <u>(1,762)</u>  | <u>(5,115)</u>                                    |
| Profit/(loss) and total comprehensive income/<br>(expense) for the period/year | <u>97</u>   | <u>(389)</u>                                      |

**Basis and assumptions**

1. The Group's Units were acquired by Wealth Plan in 28 June 2017, the Directors do not have access to other financial information in relation to the Group's Units before owned by the Group.
2. The following procedures have been undertaken by ZHONGHUI ANDA CPA Limited ("ZHONGHUI"), the reporting accountant of the Company, in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

## ZHONGHUI:

- i. Obtained the rental income listing of the Group's Units for the period from 28 June 2017 to 31 March 2018 and the year ended 31 March 2019 (the "**Relevant Period**") which was prepared by the management of the Company and checked its arithmetical accuracy.
- ii. Obtained the rental income summary of the Group's Units which was prepared by the management of the Company and compared the total amounts of rental income for the Relevant Period as shown in the rental income summary to respective total rental amounts as shown in the rental income listing.

- iii. Compared the particulars of the co-tenants' names, tenancy periods and monthly rental amounts shown in the rental income listing of the Group's Units to the information about the Group's Units registered in the Land Register maintained by the Land Registry dated 19 August 2019 ("**Land Search Record**") which was provided by the management of the Company.
- iv. Agreed the unaudited profit and loss statement of the Group's Units to the relevant accounting records of Wealth Plan, including general ledger, sub ledger and reconciliation schedules prepared by the management of the Company.

ZHONGHUI's findings are:

- a. With respect to procedure i, ZHONGHUI found that the rental income listing of the Group's Units for the Relevant Period to be arithmetically accurate.
- b. With respect to procedure ii, ZHONGHUI found that the total amounts of rental income of the Group's Units for the Relevant Period as shown in the rental income summary to be in agreement with respective total amounts as shown in the rental income listing.
- c. With respect to procedure iii, ZHONGHUI found that the particulars of the co-tenants' names, tenancy periods and monthly rental amounts as shown in the rental income listing of the Group's Units to be in agreement with those contained in the Land Search Record which was provided to ZHONGHUI by the management of the Company.
- d. With respect to procedure iv, ZHONGHUI found that the unaudited profit and loss statement of the Group's Units agreed to the relevant accounting records of Wealth Plan, including general ledger, sub ledger and reconciliation schedules which was provided to ZHONGHUI by the management of the Company.

Because the above procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, ZHONGHUI does not express any assurance on the rental income summary and rental income listing.

Had ZHONGHUI performed additional procedures or had ZHONGHUI performed an assurance engagement on the rental income summary or the rental income listing in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to ZHONGHUI's attention that would have been reported to the Company.

**D. VALUATION OF THE GROUP'S UNITS**

The valuation report of the Group's Units as at 30 August 2019 was disclosed in Appendix V to this circular.

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

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**INTRODUCTION**

In connection with the asset and liabilities of the Group accounting the acquisition of the Remaining Units by the Group (hereinafter referred to as the “**Post Acquisition Group**”), the unaudited pro forma consolidated statement of assets and liabilities of the Post Acquisition Group has been prepared to illustrate the effect of the Possible Acquisition on the Group’s financial position as at 31 March 2019, as if the Possible Acquisition had been taken place on 31 March 2019.

The unaudited pro forma consolidated statement of assets and liabilities of the Post Acquisition Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2019, which has been extracted from the published annual report of the Group for the year ended 31 March 2019, after making certain pro forma adjustments resulting from the Possible Acquisition.

The unaudited pro forma consolidated assets and liabilities of the Post Acquisition Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described below in the accompanying notes that are (i) directly attributable to the Possible Acquisition; and (ii) factually supportable.

The unaudited pro forma consolidated statement of assets and liabilities of the Post Acquisition Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 31 March 2019. Furthermore, the statement does not purport to predict the Group’s future financial position.

The unaudited pro forma consolidated statement of assets and liabilities of the Post Acquisition Group should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

**A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND  
LIABILITIES OF THE POST ACQUISITION GROUP AS AT 31 MARCH 2019**

|   | <b>The Group</b><br><i>HK\$'000</i><br><i>Note 1</i> | <b>Pro forma adjustments</b>     |                                  | <b>Unaudited</b>   |
|---|--|----------------------------------|----------------------------------|--|
|   |  | <i>HK\$'000</i><br><i>Note 2</i> | <i>HK\$'000</i><br><i>Note 3</i> | <b>Pro forma for</b><br><b>Post</b><br><b>Acquisition</b><br><b>Group</b><br><i>HK\$'000</i> |
| <b>Non-current assets</b>   |  |                                  |                                  |  |
| Property, plant and equipment   | 3,686  | —                                | —                                | 3,686  |
| Investment properties   | 1,359,361  | —                                | —                                | 1,359,361  |
| Loans receivable  | 29,676   | —                                | —                                | 29,676   |
| Financial assets at fair value<br>through profit or loss                | 13,903   | —                                | —                                | 13,903   |
| Debt instruments at fair value<br>through other comprehensive<br>income | 11,826   | —                                | —                                | 11,826   |
|   | <u>1,418,452</u>                                     | <u>—</u>                         | <u>—</u>                         | <u>1,418,452</u>   |
| <b>Current assets</b>   |  |                                  |                                  |  |
| Properties held for development<br>for sale                             | 1,730,263  | 43,004                           | —                                | 1,773,267  |
| Trade and other receivables   | 8,797  | —                                | —                                | 8,797  |
| Loans receivable  | 306,334  | —                                | —                                | 306,334  |
| Financial assets at fair value<br>through profit or loss                | 108,323  | —                                | —                                | 108,323  |
| Debt instruments at fair value<br>through other comprehensive<br>income | 4,031  | —                                | —                                | 4,031  |
| Bank deposits with original<br>maturity more than three<br>months       | 12,763   | —                                | —                                | 12,763   |
| Bank balances and cash  | 141,582  | (43,004)                         | (605)                            | 97,973   |
|   | 2,312,093  | —                                | (605)                            | 2,311,488  |
| Assets classified as held for sale —<br>investment properties           | 304,000  | —                                | —                                | 304,000  |
|   | 2,616,093  | —                                | (605)                            | 2,615,488  |
| <b>Current liabilities</b>  |  |                                  |                                  |  |
| Trade and other payables  | 120,798  | —                                | —                                | 120,798  |
| Tax payable   | 8,705  | —                                | —                                | 8,705  |
| Convertible notes   | 62,986   | —                                | —                                | 62,986   |
| Secured bank borrowings   | 354,620  | —                                | —                                | 354,620  |
|   | 547,109  | —                                | —                                | 547,109  |
| <b>Net current assets</b>   | <u>2,068,984</u>                                     | <u>—</u>                         | <u>(605)</u>                     | <u>2,068,379</u>   |
| <b>Total assets less current liabilities</b>                            | <u>3,487,436</u>                                     | <u>—</u>                         | <u>(605)</u>                     | <u>3,486,831</u>   |



**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

|                                | <b>The Group</b>        | <b>Pro forma adjustments</b> |                     | <b>Unaudited<br/>Pro forma for<br/>Post<br/>Acquisition<br/>Group</b> |
|--------------------------------|-------------------------|------------------------------|---------------------|---|
|                                | <i>HK\$'000</i>         | <i>HK\$'000</i>              | <i>HK\$'000</i>     | <i>HK\$'000</i>   |
|                                | <i>Note 1</i>           | <i>Note 2</i>                | <i>Note 3</i>       |   |
| <b>Non-current liabilities</b> |                         |                              |                     |   |
| Deferred tax liabilities       | 32,657                  | —                            | —                   | 32,657  |
| Secured bank borrowings        | <u>720,609</u>          | <u>—</u>                     | <u>—</u>            | <u>720,609</u>  |
|                                | <u>753,266</u>          | <u>—</u>                     | <u>—</u>            | <u>753,266</u>  |
| <b>Net assets</b>              | <u><u>2,734,170</u></u> | <u><u>—</u></u>              | <u><u>(605)</u></u> | <u><u>2,733,565</u></u>   |

*Notes:*

1. 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 Group for the year ended 31 March 2019.
2. Based on the valuation report issued by Vigers, the market value on a redevelopment basis of the entire Wing Cheong Factory Building as at 30 August 2019 was approximately HK\$340,600,000. If the Possible Acquisition proceeds at such valuation price, the implied value of the Remaining Units is assumed to be approximately HK\$41,450,000, determined by the proportion of the existing use value of the Remaining Unit to the total existing use value of all the units in Wing Cheong Factory Building.  
  
The adjustment represents (i) the Possible Acquisition for a cash consideration of HK\$41,450,000 with the intention for redevelopment and (ii) non-refundable portion of Ad Valorem Stamp Duty of approximately HK\$1,554,000. The Group will settle the above consideration and stamp duty by cash.
3. The adjustment represents payment of the estimated transaction costs attributable to this Circular of approximately HK\$605,000.
4. 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 GROUP REGARDING THE POSSIBLE ACQUISITION**

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**B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

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

**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*

30 September 2019

The Board of Directors  
Eminence Enterprise Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of 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 for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 March 2019 (the “**Statement**”) as set out on pages 22 to 23 of the circular dated 30 September 2019 issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page 21 of the circular.

The Statement has been compiled by the directors to illustrate the impact of the proposed acquisition of 13.64% of the undivided shares of Wing Cheong Factory Building on the Group’s financial position as at 31 March 2019 as if the transaction had been taken place at 31 March 2019. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s consolidated financial statements as included in the annual report for the year ended 31 March 2019, on which an audit report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

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

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

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

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

### **Reporting Accountant’s Responsibilities**

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

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

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

The purpose of the Statement included in a 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 would have been as presented.

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**APPENDIX III                      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

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

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

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

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

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

**Opinion**

In our opinion:

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

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

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**APPENDIX IV      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE DISPOSAL**

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**INTRODUCTION**

In connection with proposed very substantial disposal transaction in relation to the proposed disposal of the Group's Units by the Group (excluding with the Group's Units hereinafter referred to as the "**Remaining Group**"), the unaudited pro forma consolidated statement of profit or loss and net assets statement of the Remaining Group (the "**Unaudited Pro Forma Financial Information**") have been prepared to illustrate the effect of the Possible Disposal on the Group's financial position as at 31 March 2019, as if the Possible Disposal had been taken place on 31 March 2019, and on the Group's financial performance for the year ended 31 March 2019, as if the Possible Disposal had been taken place on 1 April 2018.

The unaudited pro forma consolidated statement of profit or loss of the Remaining Group is prepared based on the audited consolidated statement of profit or loss of the Group for the year ended 31 March 2019, which has been extracted from the published annual report of the Group for the year ended 31 March 2019 after making certain pro forma adjustments resulting from the Possible Disposal.

The unaudited pro forma consolidated net assets statement of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2019, which has been extracted from the published annual report of the Group for the year ended 31 March 2019, after making certain pro forma adjustments resulting from the Possible Disposal.

The Unaudited Pro Forma Financial Information is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described below in the accompanying notes that are (i) directly attributable to the Possible Disposal; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position and results of operation of the Remaining Group that would have been attained had the Acquisition actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group's future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

**APPENDIX IV      UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE GROUP REGARDING THE POSSIBLE DISPOSAL**

**A. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE REMAINING GROUP**

|  | <b>The Group<br/>For the<br/>year ended<br/>31 Mar<br/>2019</b> | <b>Pro forma adjustments</b> |                       |                     |                      | <b>Unaudited<br/>Pro forma<br/>for<br/>Remaining<br/>Group</b> |
|--|---|------------------------------|-----------------------|---------------------|----------------------|--|
|  | <i>HK\$'000</i>   | <i>HK\$'000</i>              | <i>HK\$'000</i>       | <i>HK\$'000</i>     | <i>HK\$'000</i>      |  |
|  | <i>Note 1</i>   | <i>Note 2</i>                | <i>Note 3</i>         | <i>Note 4</i>       |                      |  |
| Revenue  | 62,228  | —                            | (4,715)               | —                   | 57,513               |  |
| Cost of services rendered  | <u>(3,271)</u>  | <u>—</u>                     | <u>—</u>              | <u>—</u>            | <u>(3,271)</u>       |  |
|  | 58,957  | —                            | (4,715)               | —                   | 54,242               |  |
| Other income   | 7,137   | —                            | —                     | —                   | 7,137                |  |
| Other gains and losses   | (395)   | —                            | —                     | —                   | (395)                |  |
| Other expenses   | (58)  | —                            | —                     | —                   | (58)                 |  |
| Administrative expenses  | (48,276)  | (927)                        | 785                   | (605)               | (49,023)             |  |
| 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)                |  |
| — Loan 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)             |  |
| Gain on disposal of properties held for development for sale                           | —   | 42,190                       | —                     | —                   | 42,190               |  |
| Finance costs  | <u>(36,310)</u>   | <u>—</u>                     | <u>—</u>              | <u>—</u>            | <u>(36,310)</u>      |  |
| Profit before taxation   | 50,910  | 41,263                       | (3,930)               | (605)               | 87,638               |  |
| Taxation   | <u>(400)</u>  | <u>—</u>                     | <u>—</u>              | <u>—</u>            | <u>(400)</u>         |  |
| Profit for the year attributable to owners of the Company                              | <u><u>50,510</u></u>  | <u><u>41,263</u></u>         | <u><u>(3,930)</u></u> | <u><u>(605)</u></u> | <u><u>87,238</u></u> |  |

*Notes to the unaudited pro forma consolidated statement of profit or loss:*

- 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 Group for the year ended 31 March 2019.

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2. Based on the valuation report issued by Vigers, the market value on a redevelopment basis of the entire Wing Cheong Factory Building as at 30 August 2019 was approximately HK\$340,600,000. If the Possible Disposal proceeds at such valuation price, the implied value of the Group's Units is assumed to be approximately HK\$299,150,000, determined by the proportion of the existing use value of the Group's Units to the total existing use value of all the units in Wing Cheong Factory Building.

The adjustment represents (i) gain on disposal of properties held for development for sale of approximately HK\$42,190,000 arising from the Possible Disposal of the Group's Units with a carrying amount of HK\$256,960,000 (including non-refundable stamp duty of approximately HK\$8,767,000) for a cash consideration of HK\$299,150,000 and (ii) write-off of prepayment of approximately HK\$927,000, representing legal and professional fees of the property redevelopment project.

3. The adjustment represents elimination of (i) rental income received from letting of the Group's Units of approximately HK\$4,715,000; and (ii) expenses attributable to the Group's Units of approximately HK\$785,000 as if the Possible Disposal had been completed on 1 April 2018.
4. The adjustment represents payment of the estimated transaction costs attributable to this Circular of approximately HK\$605,000.
5. All the adjustments have no continuing effect.
6. 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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**B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF  
THE REMAINING GROUP**

|   | <b>The Group<br/>as at<br/>31 Mar<br/>2019</b> | <b>Pro forma adjustments</b> |                 |                 |                  | <b>Unaudited<br/>Pro forma<br/>for<br/>Remaining<br/>Group</b> |
|---|--|------------------------------|-----------------|-----------------|------------------|--|
|   |  | <i>HK\$'000</i>              | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i>  |  |
|   |  | <i>Note 1</i>                | <i>Note 2</i>   | <i>Note 3</i>   | <i>Note 4</i>    |  |
| <b>Non-current assets</b>   |  |                              |                 |                 |                  |  |
| Property, plant and equipment   | 3,686  | —                            | —               | —               | 3,686            |  |
| Investment properties   | 1,359,361                                      | —                            | —               | —               | 1,359,361        |  |
| Loans receivable  | 29,676   | —                            | —               | —               | 29,676           |  |
| Financial assets at fair value<br>through profit or loss                | 13,903   | —                            | —               | —               | 13,903           |  |
| Debt instruments at fair value<br>through other comprehensive<br>income | <u>11,826</u>                                  | <u>—</u>                     | <u>—</u>        | <u>—</u>        | <u>11,826</u>    |  |
|   | <u>1,418,452</u>                               | <u>—</u>                     | <u>—</u>        | <u>—</u>        | <u>1,418,452</u> |  |
| <b>Current assets</b>   |  |                              |                 |                 |                  |  |
| Properties held for development<br>for sale                             | 1,730,263                                      | (256,960)                    | —               | —               | 1,473,303        |  |
| Trade and other receivables   | 8,797  | (927)                        | —               | —               | 7,870            |  |
| Loans receivable  | 306,334  | —                            | —               | —               | 306,334          |  |
| Financial assets at fair value<br>through profit or loss                | 108,323  | —                            | —               | —               | 108,323          |  |
| Debt instruments at fair value<br>through other comprehensive<br>income | 4,031  | —                            | —               | —               | 4,031            |  |
| Bank deposits with original<br>maturity more than three<br>months       | 12,763   | —                            | —               | —               | 12,763           |  |
| Bank balances and cash  | <u>141,582</u>                                 | <u>299,150</u>               | <u>(2,012)</u>  | <u>(605)</u>    | <u>438,115</u>   |  |
|   | 2,312,093                                      | 41,263                       | (2,012)         | (605)           | 2,350,739        |  |
| Assets classified as held for sale<br>— investment properties           | <u>304,000</u>                                 | <u>—</u>                     | <u>—</u>        | <u>—</u>        | <u>304,000</u>   |  |
|   | <u>2,616,093</u>                               | <u>41,263</u>                | <u>(2,012)</u>  | <u>(605)</u>    | <u>2,654,739</u> |  |



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|  | <b>The Group<br/>as at<br/>31 Mar<br/>2019</b> | <b>Pro forma adjustments</b> |                 |                     | <b>Unaudited<br/>Pro forma<br/>for<br/>Remaining<br/>Group</b> |
|--|--|------------------------------|-----------------|---------------------|--|
|  | <i>HK\$'000</i>                                | <i>HK\$'000</i>              | <i>HK\$'000</i> | <i>HK\$'000</i>     | <i>HK\$'000</i>  |
|  | <i>Note 1</i>                                  | <i>Note 2</i>                | <i>Note 3</i>   | <i>Note 4</i>       |  |
| <b>Current liabilities</b>                   |  |                              |                 |                     |  |
| Trade and other payables                     | 120,798  | —                            | (2,012)         | —                   | 118,786  |
| 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>354,620</u>   |
|  | <u>547,109</u>                                 | <u>—</u>                     | <u>(2,012)</u>  | <u>—</u>            | <u>545,097</u>   |
| <b>Net current assets</b>                    | <u>2,068,984</u>                               | <u>41,263</u>                | <u>—</u>        | <u>(605)</u>        | <u>2,109,642</u>   |
| <b>Total assets less current liabilities</b> | <u>3,487,436</u>                               | <u>41,263</u>                | <u>—</u>        | <u>(605)</u>        | <u>3,528,094</u>   |
| <b>Non-current liabilities</b>               |  |                              |                 |                     |  |
| Deferred tax liabilities                     | 32,657   | —                            | —               | —                   | 32,657   |
| Secured bank borrowings                      | <u>720,609</u>                                 | <u>—</u>                     | <u>—</u>        | <u>—</u>            | <u>720,609</u>   |
|  | <u>753,266</u>                                 | <u>—</u>                     | <u>—</u>        | <u>—</u>            | <u>753,266</u>   |
| <b>Net assets</b>                            | <u><u>2,734,170</u></u>                        | <u><u>41,263</u></u>         | <u><u>—</u></u> | <u><u>(605)</u></u> | <u><u>2,774,828</u></u>  |

*Notes to the unaudited pro forma consolidated net assets statement:*

- 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.
- Based on the valuation report issued by Vigers, the market value on a redevelopment basis of the entire Wing Cheong Factory Building as at 30 August 2019 was approximately HK\$340,600,000. If the Possible Disposal proceeds at such valuation price, the implied value of the Group's Units is assumed to be approximately HK\$299,150,000, determined by the proportion of the existing use value of the Group's Units to the total existing use value of all the units in Wing Cheong Factory Building.

The adjustment represents (i) gain on disposal of properties held for development for sale of approximately HK\$42,190,000 arising from the Possible Disposal of the Group's Units with a carrying amount of HK\$256,960,000 (including non-refundable stamp duty of approximately HK\$8,767,000) for a cash consideration of HK\$299,150,000 and (ii) write-off of prepayment of approximately HK\$927,000, representing legal and professional fees of the property redevelopment project.

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3. The adjustment represents refund of rental deposits received of approximately HK\$2,012,000 to respective tenants upon disposal of the Group's Units to the Winning Bidder.
4. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$605,000.
5. 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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**C. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

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

**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*

30 September 2019

The Board of Directors  
Eminence Enterprise Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of 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 for illustrative purposes only. The pro forma financial information consists of the pro forma net asset statement as at 31 March 2019, the pro forma statement of profit or loss for the year ended 31 March 2019 and related notes as set out on pages 28 to 32 of the circular dated 30 September 2019 issued by the Company. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on page 27 of the circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the disposal of 86.36% of the undivided shares of Wing Cheong Factory Building on the Group’s financial position as at 31 March 2019 and on the Group’s financial performance for the year ended 31 March 2019 as if the transaction had been taken place at 31 March 2019 and 1 April 2018 respectively. As part of this process, information about the Group’s financial position and financial performance has been extracted by the directors from the Group’s consolidated financial statements as included in the annual report for the year ended 31 March 2019, on which an audit report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

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

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

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

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

### **Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the 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 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 accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 pro forma financial information.

The purpose of pro forma financial information included in a 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 1 April 2018 and 31 March 2019 would have been as presented.

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A reasonable assurance engagement to report on whether the 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 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 pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the 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 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 29(1) of Chapter 4 of the Listing Rules.

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

*The following is the text of a letter and valuation certificate 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 disposed by the Group as at 30th 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



2nd September 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 disposed 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 30th 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.

In our valuation, we have valued the tenanted portions of the Property on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the Property and made reference to comparable market transactions. In valuing the portions of Property which are either vacant or owner-occupied, 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 August 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-use rights, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation 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.

The land lease of the Property had expired before 30th June 1997, and we have taken into account of the provisions contained in Annex III of the “Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People’s Republic of China on the question of Hong Kong” as well as the “New Territories Leases (Extension) Ordinance” that such land lease has been extended without paying additional land premium until 30 June 2047.

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 12-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 16 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 DISPOSED OF BY THE GROUP

| The Property   | Description and Tenure   | Occupancy Status   | Market Value<br>in Existing State<br>as at the Valuation Date  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|--|--|--|--|--|--|----------|---------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------------------|-------|--------|-------|--------|----------|--|
| <p>Portion A and Portion B of Car Park on the G/F, Flat A and B on First Floor, Flat A and B on Second Floor, Flat A and B on Third Floor, Flat A and B on Fourth Floor &amp; Flat Roof, Flat A and B on Fifth Floor, Flat A and B on Sixth Floor, Flat A and B on Seventh Floor, Flat A and B on Eighth Floor, Flat A and B on Ninth Floor &amp; Roof, Wing Cheong Factory Building, No. 121 King Lam Street, Cheung Sha Wan, Kowloon, Hong Kong ("The Property")</p> | <p>Completed in 1970, Wing Cheong Factory Building (the "Development") is located at the junction of King Lam Street and Yu Chau West Street in Cheung Sha Wan district of Kowloon. The Development comprises a 10-storey industrial building consisting of 2 car parking areas, a loading and unloading area and 6 factory units on the Ground Floor, as well as 18 factory units on the upper floors.</p>  | <p>According to the information provided by the Group, the occupancy status of the Property is summarized in Note 3 below.</p> | <p>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\$185,590,000 only.</p> |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| <p>38/44th parts or parcels of ground known and registered in the Land Registry as New Kowloon Inland Lot No. 4474.</p>  | <p>The Property comprises 2 car parking areas on the ground floor of the Development and 18 factory units on the upper floors with a total saleable area of approximately 36,216 square feet (or 3,364.56 square metres). The breakdown of areas of the Property is as below</p>   |  | <p>ii. The site value of the 100% interests of the Site in bare site status upon redevelopment is HK\$340,600,000 only.</p>  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|  | <table border="1"> <thead> <tr> <th data-bbox="475 704 533 725">Portion</th> <th colspan="2" data-bbox="692 704 799 725">Saleable Area</th> </tr> <tr> <td></td> <th data-bbox="676 725 734 746">(sq.ft.)</th> <th data-bbox="767 725 825 746">(sq.m.)</th> </tr> </thead> <tbody> <tr><td>Workshop A on 1/F</td><td>2,150</td><td>199.74</td></tr> <tr><td>Workshop B on 1/F</td><td>2,562</td><td>238.02</td></tr> <tr><td>Workshop A on 2/F</td><td>2,150</td><td>199.74</td></tr> <tr><td>Workshop B on 2/F</td><td>2,562</td><td>238.02</td></tr> <tr><td>Workshop A on 3/F</td><td>2,150</td><td>199.74</td></tr> <tr><td>Workshop B on 3/F</td><td>2,562</td><td>238.02</td></tr> <tr><td>Workshop A on 4/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 4/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop A on 5/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 5/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop A on 6/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 6/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop A on 7/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 7/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop A on 8/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 8/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop A on 9/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Workshop B on 9/F</td><td>1,840</td><td>170.94</td></tr> <tr><td>Total</td><td>36,216</td><td>3,364.56</td></tr> </tbody> </table> | Portion  | Saleable Area  |  |  | (sq.ft.) | (sq.m.) | Workshop A on 1/F | 2,150 | 199.74 | Workshop B on 1/F | 2,562 | 238.02 | Workshop A on 2/F | 2,150 | 199.74 | Workshop B on 2/F | 2,562 | 238.02 | Workshop A on 3/F | 2,150 | 199.74 | Workshop B on 3/F | 2,562 | 238.02 | Workshop A on 4/F | 1,840 | 170.94 | Workshop B on 4/F | 1,840 | 170.94 | Workshop A on 5/F | 1,840 | 170.94 | Workshop B on 5/F | 1,840 | 170.94 | Workshop A on 6/F | 1,840 | 170.94 | Workshop B on 6/F | 1,840 | 170.94 | Workshop A on 7/F | 1,840 | 170.94 | Workshop B on 7/F | 1,840 | 170.94 | Workshop A on 8/F | 1,840 | 170.94 | Workshop B on 8/F | 1,840 | 170.94 | Workshop A on 9/F | 1,840 | 170.94 | Workshop B on 9/F | 1,840 | 170.94 | Total | 36,216 | 3,364.56 | <p>iii. The site value attributable to the Property is HK\$299,150,000 only.</p> |
| Portion  | Saleable Area  |  |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|  | (sq.ft.)   | (sq.m.)  |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 1/F  | 2,150  | 199.74   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 1/F  | 2,562  | 238.02   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 2/F  | 2,150  | 199.74   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 2/F  | 2,562  | 238.02   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 3/F  | 2,150  | 199.74   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 3/F  | 2,562  | 238.02   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 4/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 4/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 5/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 5/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 6/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 6/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 7/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 7/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 8/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 8/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop A on 9/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Workshop B on 9/F  | 1,840  | 170.94   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
| Total  | 36,216   | 3,364.56   |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|  | <p>Please note that Workshops A on the 4th floor is also inclusive of the flat roof area of 325 sq.ft. (30.19 sq.m.); Workshops B on the 4th floor is also inclusive of the flat roof area of 763 sq.ft. (70.89 sq.m.); Workshops A on the 9th floor is also inclusive of the roof area of 1,516 sq.ft. (140.84 sq.m.); Workshops B on the 9th floor is also inclusive of the roof area of 845 sq.ft. (78.50 sq.m.).</p>   |  |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|  | <p>The Development is erected on a site ("The Site") with a registered site area of 509.3879 square metres (or 5,483 square feet) approximately.</p>   |  |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |
|  | <p>Kowloon Inland Lot No. 4474 is held under Conditions of Sale No. UB7470 for a term of 99 years from 1st July 1898 less the last three days and has further been extended to 30th June 2047 in accordance with the provisions contained in Annex III of the "Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong" as well as the "New Territories Leases (Extension) Ordinance" that such land lease has been extended without paying additional land premium until 30th June 2047 and that a rent of three percent of the Rateable Value is charged per annum from the date of extension.</p>   |  |  |  |  |          |         |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |                   |       |        |       |        |          |  |

*Notes:*

1. Pursuant to our recent land search records, the current registered owner of the property is WEALTH PLAN DEVELOPMENT LIMITED.
2. Pursuant to the recent land registration records, the Property is subject to the following salient encumbrances:

## All Subject Units

- i. Deed of Mutual Covenant vide Memorial No. UB655478 dated 18th November 1968;
- ii. Debenture and Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 17102602290448 dated 16th October 2017;
- iii. Sealed Copy of Form 32 Notice of Application to Lands Tribunal for an Order for Sale in favour of Wealth Plan Development Limited (Applicant), Xiu Chuan Limited (1st Respondent), Ng Suk Ha (2nd Respondent), Cheung Kwan Tar (3rd Respondent) and Lo King Wai (4th Respondent) vide Memorial No. 18091401630025 dated 12th September 2018 (Remarks: under Land (compulsory Sale for Redevelopment) Ordinance Pursuant to Section 3(1) Land Compulsory Sale Main Application No. LDCS 21000/2018);

## Workshop B on 8/F

- i. Order No. "CB/VH/021606/09/K under S.24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 19040900620055 dated 13th March 2019;

## Workshop A on 9/F with Roof

- i. Notice No. WC/TD001163/06/K-U07 by The Building Authority under S.24C(1) of The Buildings Ordinance vide Memorial No. 07041800480036 dated 3rd May 2006; and

## Workshop B on 9/F with Roof

- i. Notice No. WC/TD001164/06/K-U07 by The Building Authority under S.24C(1) of The Buildings Ordinance vide Memorial No. 06101300690081 dated 3rd May 2006.

3. 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   | Remarks                                     |
|-------------------------------------|-----------------------|--------------------------|----------------|---|
| Portion A of Car Park on the G/F    | Tenanted              | 31/5/2018 to 30/5/2020   | HK\$36,300     | Together with Workshop A on 1/F             |
| Portion B of Car Park on the G/F    | Tenanted              | 29/6/2018 to 28/6/2020   | HK\$3,200      |   |
| Workshop A on 1/F                   | Tenanted              | 31/5/2018 to 30/5/2020   | HK\$36,300     | Together with Workshop A of Car Park on G/F |
| Workshop B1 on 1/F                  | Tenanted to 4 Tenants | 2/10/2018 to 1/10/2020   | HK\$11,500     |   |
| Workshop B2 on 1/F                  |                       | 1/8/2017 to 31/7/2019    | HK\$6,800      |   |
| Workshop B3 on 1/F                  |                       | 1/8/2018 to 31/7/2020    | HK\$13,000     |   |
| Workshop B4 on 1/F                  |                       | 23/10/2018 to 22/10/2020 | HK\$11,000     |   |
| Workshop A on 2/F                   | Owner-occupied        | Not applicable           | Not applicable |   |
| Workshop B on 2/F                   | Owner-occupied        | Not applicable           | Not applicable |   |
| Workshop A on 3/F                   | Tenanted              | 1/12/2017 to 30/11/2020  | HK\$28,000     |   |
| Workshop B on 3/F                   | Tenanted              | 26/2/2018 to 25/2/2021   | HK\$18,000     |   |
| Workshop A and B on 4/F & Flat Roof | Tenanted              | 6/4/2018 to 5/4/2020     | HK\$55,000     |   |
| Workshop A on 5/F                   | Owner-occupied        | Not applicable           | Not applicable |   |
| Workshop B on 5/F                   | Tenanted              | 15/8/2017 to 14/8/2019   | HK\$22,000     |   |
| Workshop A and B on 6/F             | Tenanted              | 15/6/2018 to 14/06/2020  | HK\$60,000     |   |
| Workshop A on 7/F                   | Tenanted              | 1/8/2018 to 31/7/2020    | HK\$29,000     |   |
| Workshop B on 7/F                   | Tenanted              | 29/6/2018 to 28/6/2020   | HK\$29,000     |   |
| Workshop A on 8/F                   | Tenanted              | 1/4/2018 to 31/3/2020    | HK\$21,000     |   |
| Workshop B on 8/F                   | Tenanted              | 2/5/2018 to 1/5/2020     | HK\$22,000     |   |
| Workshop A and B on 9/F             | Tenanted              | 1/5/2018 to 30/4/2020    | HK\$47,520     |   |
| Roof A                              | Tenanted              | 17/8/2018 to 16/8/2020   | HK\$11,500     |   |
| Roof B                              | Tenanted              | 17/8/2019 to 16/2/2020   | HK\$8,000      |   |

4. The Development is located at the junction of King Lam Street and Yu Chau West Street in Cheung Sha Wan district in Kowloon. The locality was a traditional industrial area and is now dominated by a number of grand office buildings and light industrial buildings redevelopment. The accessibility is considered to be reasonable with public transportation such as buses, light buses and taxis well served. The MTR Lai Chi Kok Station is located within 10 minutes' walk away from the Property.
5. Conditions of Sale No. UB7470 was granted for industrial and/or godown purposes. Space shall be provided within the Site for the parkings loading and unloading of motor-vehicles at the rate of not less than one vehicle (parking space) for each 10,000 or part of 10,000 square feet of floor area but in any event not less than one vehicle (parking space) for each 5,000 or part of 5,000 square feet of site area.
6. The Property falls within an area zoned "Other Specified Uses" annotated "Business" on Approved Cheung Sha Wan Outline Zoning Plan No. S/K5/37 ("the Outline Zoning Plan") dated 6th December 2016. According to the Notes attached to the Outline Zoning Plan, on land designated "Other Specified Uses" annotated "Business", 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 plot ratio of 12.0 or the plot ratio of the existing building(s), whichever is the greater; and in excess of a maximum building heights of 130 metres above Principal Datum, or the height of the existing building, whichever is the greater.
7. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. 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\$4,696 to HK\$5,824 per square foot for upper floor workshop units and about HK\$1,300,000 to HK\$2,080,000 per space for car parking spaces on ground floor. Our valuation falls within these ranges.

8. We were instructed by the Group to assess the site value of the Property Interest (100% interest) of the Site on redevelopment basis, assuming that it was in immediate vacant possession basis and will be redeveloped under the constraints as stipulated in the Government Lease, town planning zoning, Buildings Ordinance and other prevailing regulations and that all consents, approvals and licenses from relevant government authorities for the redevelopment will be obtained without undue delay or onerous conditions. The site value of the Property Interest of the Site upon redevelopment basis and subject to the abovementioned assumptions was HK\$340,600,000 as at the Valuation Date
9. In assessing the site value attributable to the Property, we have apportioned the 100% site value in accordance with the proportion of the existing use value of the Property to the total existing use value of all the units in the Development currently erected on the Site, which is assessed to be HK\$211,329,000 only. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the Site either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance (Cap. 545).
10. We note that Order No. “CB/VH/021606/09/K, Notice Nos. WC/TD001163/06/K-U07 and WC/TD001164/06/K-U07 by The Building Authority under S24(1) and S.24C(1) of The Buildings Ordinance was registered regarding Workshop B on 8/F, Workshop A and Workshop B on 9/F & Roof of the Property. In the course of our valuation, we have assumed the aforesaid Order and Notices have been complied with and to the satisfaction of the Building Authority; and no allowance has been made for remedial work(s), if any.

**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 is set out below.

***(i) Property Development***

One of the core business of the Group is property development. The Group has extensive experience in property redevelopment, in particular, in 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 Company, through its subsidiary, owned 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 Company, through its subsidiary, owned 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 is a residential building.

On 8 March 2019, the Group disposed of 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. 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 the “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 Company, 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 the “Material Acquisition and Disposal” section below.

## 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.



## APPENDIX VI MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

At 31 March 2019, the Group's investment in equity securities listed in Hong Kong amounted 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.

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

| Company name<br>(stock code)            | No. of<br>shares held | Approx. %<br>held to the<br>total issued<br>share capital<br>of the<br>company/<br>investment<br>% | Investment<br>cost/cost of<br>acquisition<br>HK\$'000 | Dividend<br>income for<br>the year<br>ended<br>31 March<br>2019<br>HK\$'000 | Fair value<br>gain (loss)<br>for the year<br>ended<br>31 March<br>2019<br>HK\$'000 | Fair value at<br>31 March<br>2019<br>HK\$'000 | Approx. %<br>of total<br>assets of the<br>Group at<br>31 March<br>2019<br>% |
|---|-----------------------|--|---|---|--|---|---|
| China SCE Group<br>Holdings Ltd. (1966) | 6,800,000             | 0.16%  | 10,757  | 1,359   | 272  | 27,812  | 0.69%   |
| Best Food Holding<br>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:                            |                       |  | <u>54,006</u>   | <u>2,261</u>  | <u>1,168</u>   | <u>56,338</u>                                 | <u>1.39%</u>  |

\* 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.

**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 cost of the Group was approximately HK\$36,310,000, an increase of 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's profit of approximately HK\$53,539,000. Net profit margin was 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.

### *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 had 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 Company 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. Pursuant to which, Sonic Hover Limited agreed to acquire from Easyknit Properties Holdings Limited the entire equity interest in Wellmake Investments Limited ("**Wellmake**"), of which the sole material asset is Easy Tower. The sale consideration was 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.

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.

#### Reasons for Acquisition

The acquisition of Easy Tower enabled the Group to 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 allowed the Group to redevelop both Easy Tower site and the adjacent Fung Wah Factorial Building site together and significantly enhance the development potential of both sites.

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

On 19 November 2018, the Company, 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 sell 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

The 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. 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. 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.

On 20 November 2018, the Company obtained the Shareholders' approval to sell these properties (as a whole) through open tender of not less than HK\$310 million.

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).

**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 joined a Mandatory Provident Fund Scheme for Hong Kong employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for PRC employees. The Group has a share option scheme to motivate valued employees.

**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 the Company 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.

***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 the 2 remaining units of Matheson Building. Following the acquisition of those, 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.

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.



*Available-for-sale investments*

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

| Company name/<br>(stock code)   | No. of<br>shares held | Approximate<br>percentage<br>held to the<br>total issued<br>share capital<br>of the<br>company/<br>investment<br>% | Investment<br>cost/cost of<br>acquisition<br>HK\$'000 | Dividend<br>income for<br>the year<br>ended<br>31 March<br>2018<br>HK\$'000 | Fair value<br>gain for the<br>year ended<br>31 March<br>2018<br>HK\$'000 | Fair value at<br>31 March<br>2018<br>HK\$'000 | Approximate<br>percentage of<br>total assets<br>of the Group<br>at 31 March<br>2018<br>% |
|---|-----------------------|--|---|---|--|---|--|
| Hong Kong Exchanges<br>and Clearing<br>Limited ("HKEx")<br>(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:  |                       |  | <u>164,097</u>  | <u>4,496</u>  | <u>44,945</u>  | <u>207,213</u>                                | <u>5.16</u>  |

\* 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 shares ("**HKEx Disposal Mandate**") to the Eminence 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 22 June 2018, Eminence did not dispose of any shares in HKEx pursuant to the HKEx Disposal Mandate and therefore, the Group beneficially owned a total of 686,523 shares in HKEx as at 22 June 2018. 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.

**Financial Review**

**Revenue**

For the year ended 31 March 2018, the Group's revenue was HK\$49,605,000 which was derived from 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 were 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 were 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 were HK\$125,422,000.

At 31 March 2018, the capital base was strengthened when 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 had 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.

***Fund Raising Activities****Issue of shares during the year*

- (1) On 3 July 2017, the Company 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. Details are set out in Eminence's announcements dated 3 July 2017 and 19 July 2017.
  
- (2) On 30 November 2017, the Company 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 at the annual general meeting 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. The net proceeds were fully utilised during the year as intended. The Eminence 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 are set out in Eminence's announcements dated 30 November 2017, 20 December 2017, 31 January 2018 and 21 February 2018.

*Issue of convertible notes during the year*

- (1) On 1 March 2017, the Company 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 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 are set out in the Company’s announcements dated 1 March 2017, 28 April 2017 and 11 May 2017 and circular dated 5 April 2017.
  
- (2) On 7 August 2017, the Company as issuer and the Subscriber entered into the subscription agreement, pursuant to which Eminence has conditionally agreed to issue, and the Subscriber 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 the Company’s announcements dated 7 August 2017 and 26 September 2017 and 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 which were issued and allotted to the Subscriber on the same date.

*Previous fund raising activity*

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

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

### *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). Completion of 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 the Company 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 the Company's announcements dated 22 August 2017 and 29 September 2017 and 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 the Company, 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.

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 the Company's announcements dated 16 August 2017, 29 September 2017 and 23 November 2017 and 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 the Company, entered into the 17 provisional agreements with each of 17 vendors, which are independent third parties, pursuant to which Wealth Plan 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 Wing Cheong Factory Building (collectively, the "**Wing Cheong Properties**"). The acquisition of the Wing Cheong Properties took place on 28 June 2017 and details are set out in the Company's announcement dated 29 March 2017 and circular dated 12 May 2017.

#### *Acquisition of Capital Centre*

On 11 January 2018, Lion Capital Investment Limited ("**Lion Capital**"), a wholly-owned subsidiary of the Company, 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 are set out in the Company's announcement dated 11 January 2018 and 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 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 the Company.

***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 participates in 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.

**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 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 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.



**Financial Review*****Revenue***

The Group revenue for the year ended 31 March 2017 was HK\$36,518,000, a decrease on the previous year. 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 Company 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 had 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.

***Fund Raising***

During the year ended 31 March 2017, the following corporate actions were taken with the aim to strengthen the Group's financial position and prospects, hence, enhance the shareholders' value:

- (i) On 1 March 2017, the Company entered into a subscription agreement with Goodco Development Limited, a substantial shareholder of Eminence, as subscriber 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 the Company 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.
- (ii) On 3 January 2017, the Company entered into a placing agreement with a placing agent, pursuant to which the Company 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 the Company 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 were approximately HK\$55,440,000 and were intended to be applied for the acquisition of the remaining units of the FW Building.
- (iii) On 13 October 2016, the Company 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 lapsed.
- (iv) On 8 September 2016, the Company entered into a placing agreement with a placing agent, pursuant to which the Company 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 were applied towards appropriate acquisition and investment opportunities of the Group and the consideration thereof and general working capital of the Group.

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 FW Building.

- (v) On 13 July 2016, the Company entered into a subscription agreement with Able Merchant Limited as subscriber, an independent third party, to subscribe the 2016 convertible note (“**2016CB**”) in 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. The net proceeds have been fully utilised according to the intended use of which (i) HK\$3.4 million was for payment of operating expenses; (ii) HK\$10.0 million for loan financing business; and (iii) HK\$36.6 million was for the acquisition of property units of FW 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 the Company’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 the Company’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 the 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.

***Details of 2017CB***

On 1 March 2017, the Company entered into a subscription agreement with Goodco Development Limited, a substantial shareholder of the Company, 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 the Company on 26 April 2017 and the convertible note 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 had been made.

***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 the Company, 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 FW Building.

The plan for the Group is to acquire the remaining property units and then to redevelop the site of the FW Building. Details of the acquisition are set out in the Company’s announcements dated 13 June 2016 and 13 July 2016. The transaction was approved by shareholders of the Company on 1 August 2016.

***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 paved way for the Group to acquire the then remaining 9 property units of the FW Building. Details of the acquisition are set out in the Company’s announcement dated 3 August 2016. The transaction was approved by the shareholders of the Company on 7 October 2016.

***Acquisition of WK Building***

On 28 March 2017, Wealth Plan Development Limited, an indirect wholly-owned subsidiary of the Company, as purchaser entered into 17 property purchase agreement with the owners of 18 units and the car parking areas of Wing Cheong Factory Building for a consideration of HK\$226,053,000.

Details of the acquisition are set out in the Company’s announcement dated 29 March 2017. A special general meeting of the Company was held on 5 June 2017 and such acquisition was approved by shareholders the Company. 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 were 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.

***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 participated in 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.

## 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement 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<br>Shares held | No. of<br>underlying<br>Shares held | Total         | % of the total<br>issued Shares<br>of the<br>Company<br>( <i>approx.</i> ) |
|---------------------------|--|-----------------------|-------------------------------------|---------------|--|
| Lui Yuk Chu               | Interest of controlled corporation ( <i>Note 1</i> ) | 739,330,692           | 1,560,727,272                       | 2,300,057,964 |  |
|                           | Interest of spouse ( <i>Note 2</i> )                 | —                     | 11,300,000                          |               |  |
|                           | Beneficial owner ( <i>Note 3</i> )                   | —                     | 11,300,000                          |               |  |
|                           |  |                       |                                     | 2,322,657,964 | 62.34%   |
| Kwong Jimmy<br>Cheung Tim | Beneficial owner ( <i>Note 4</i> )                   | —                     | 11,300,000                          | 11,300,000    | 0.30%  |

#### *Notes:*

- 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 of which are 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       | Interest of spouse                 | 739,330,692                    | 1,572,027,272                    | 2,311,357,964     |  |
|  | ii      | Beneficial owner                   | —                              | 11,300,000                       | <u>11,300,000</u> |  |
|  |         |                                    |                                |                                  | 2,322,657,964     | 62.34%   |
| Goodco                                 | i       | Beneficial owner                   | 645,781,194                    | 1,560,727,272                    | 2,206,508,466     | 59.22%   |
| Easyknit                               | i & iii | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Magical Profits Limited                | i & iii | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Accumulate More Profits Limited        | i & iii | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| The Winterbotham Trust Company Limited | i & iii | Trustee                            | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Winterbotham Holdings Limited          | iii     | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Markson International Holding Limited  | iii     | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Christopher Geoffrey Douglas Hooper    | iii     | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Ivan Geoffrey Douglas Hooper           | iii     | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Sea Rejoice Limited                    | i       | Interest of controlled corporation | 739,330,692                    | 1,560,727,272                    | 2,300,057,964     | 61.73%   |
| Madian Star Limited                    | iv      | Beneficial owner                   | 349,290,000                    | 673,333,333                      | 1,022,623,333     | 27.45%   |
| Hu Rong                                |         | Beneficial owner                   | 709,050,000                    | —                                | 709,050,000       | 19.03%   |

***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). As for the 1,572,027,272 underlying shares, 1,560,727,272 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 the Company 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 the Company 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. Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors was interested in any contract or arrangement entered into by the Company 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 the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to the Company 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 the Company), 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 the Company), 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 the Company and Get Nice Securities Limited, as the placing agent, to place 447,000,000 Shares of the Company 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 the Company, 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 the Company), as seller, and Gold Anchor Developments Limited (a wholly-owned subsidiary of Easyknit), as purchaser, in relation to a subsidiary of the 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 the Company), 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 the Company 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 the Company 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 the Company) 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 the Company, 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 the Company and Goodco Development Limited relating to the issue by the Company and subscription by Goodco Development Limited of a convertible note; and
- (m) a sale and purchase agreement dated 9 July 2019 entered into between Above Ace Limited, a wholly-owned subsidiary of the Company, as buyer and Ng Kwai Tung, as seller, in relation to the sale and purchase of Real Supreme Limited and Extra Glory Limited and their respective shareholders' loans.

## 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 contained in this circular:

| <b>Name</b>                             | <b>Qualification</b>            |
|---|---------------------------------|
| Vigers Appraisal and Consulting Limited | Independent Professional Valuer |
| ZHONGHUI ANDA CPA Limited               | Certified Public Accountants    |

As 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 accounts of the Company 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 appears.

**10. GENERAL**

- A. The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994.
- B. The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company 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 the Company 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 the Company'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 the Company;
- (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 letter from ZHONGHUI ANDA CPA Limited in respect of the unaudited pro forma financial information of the Group regarding the Possible Acquisition as set out in Appendix III to this circular;
- (d) the letter from ZHONGHUI ANDA CPA Limited in respect of the unaudited pro forma financial information of the Group regarding the Possible Disposal as set out in Appendix IV to this circular;
- (e) the valuation report prepared by Vigers, the text of which is set out in Appendix V to this circular;
- (f) the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;

- (g) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix; and
- (h) a copy of each circular issued by the Company since 31 March 2019 pursuant to the requirements of Chapter 14 and/or 14A of the Listing Rules, including this circular.



**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 (“**Company**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481–483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong at 9 a.m. on Thursday, 17 October 2019 for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed, with or without amendment, as ordinary resolutions of the Company:

**ORDINARY RESOLUTIONS**

(1) “**THAT:**

the directors of the Company be and are hereby authorized to appoint a person to bid on behalf of the Company or any of its subsidiaries at any public auction (“**Auction**”) of the entire building of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong (“**Wing Cheong Factory Building**”) to be held by order of the Lands Tribunal, at or above the reserve price and if successful to proceed with the possible acquisition (“**Acquisition**”) of Units A, B, C, D, E and F of the ground floor (“**Remaining Units**”) of Wing Cheong Factory Building, and/or to effect some or all of the Acquisition by agreement with the owners of the Remaining Units, before the Auction, at a price not exceeding the valuation on a redevelopment basis by Vigers Appraisal and Consulting Limited as at 30 August 2019 attributable to the relevant Remaining Units; and the directors of the Company be and are hereby authorized 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 Possible Acquisition and the transactions contemplated thereunder as they may in their absolute discretion consider necessary or desirable, with full power to authorize any other person to do so, in the name of and as the act of the Company, during the period of 12 months from the date of passing this resolution.”

(2) “**THAT:**

the directors of the Company be and are hereby authorized to dispose (“**Disposal**”) of the 18 units and 2 car parks of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong (“**Wing Cheong Factory**



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## NOTICE OF SGM

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**Building**”) held by the Company and its subsidiaries at any public auction of the entire building of Wing Cheong Factory Building to be held by order of the Lands Tribunal, at or above the reserve price, and the directors of the Company be and are hereby authorized 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 Disposal and the transactions contemplated thereunder as they may in their absolute discretion consider necessary or desirable with full power to authorize any other person to do so in the name of and as the act of the Company, during the period of 12 months from the date of passing this resolution.”

By Order of the Board  
**Eminence Enterprise Limited**  
**Kwong Jimmy Cheung Tim**  
*Chairman and Chief Executive Officer*

Hong Kong, 30 September 2019

*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 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.

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## NOTICE OF SGM

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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 Monday, 14 October 2019 to Thursday, 17 October 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 Friday, 11 October 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.