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## **EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### **DISCLOSEABLE TRANSACTION - ACQUISITION OF A COMPANY HOLDING THE PROPERTY**

#### **BACKGROUND**

On 17 November 2020 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which, among other things, the Purchaser conditionally agreed to acquire and take up, and the Vendor conditionally agreed to sell and assign, the entire issued share capital of Upway International and the Shareholder's Loan at the Consideration subject to the terms and conditions of the Agreement.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **BACKGROUND**

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#### **THE AGREEMENT**

Date	:	17 November 2020
Purchaser	:	Skill Master Investments Limited, a wholly-owned subsidiary of the Company
Vendor	:	Li Ming Hung, an individual and an Independent Third Party
Consideration	:	HK\$45,000,000 (Hong Kong Dollars Forty-Five Million)

## Assets to be acquired

Pursuant to the Agreement, among other things, the Purchaser has conditionally agreed to purchase the entire issued share capital of Upway International and take up the Shareholder's Loan from the Vendor. Completion of the Agreement is scheduled to take place on 18 December 2020 (or such later date as the Vendor and the Purchaser may agree in writing).

### *Upway International*

Upway International, a company incorporated in the British Virgin Islands with limited liability, was incorporated on 1 November 2018. The principal business of Upway International is investment holding and its sole asset is the entire interest in Top Lead.

The following information is extracted from the financial information of Upway International:

	<b>For the six months ended 30 September 2020</b>	<b>For the year ended 31 March 2020</b>	<b>From the date of incorporation to 31 March 2019</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	
Total assets	46,156	46,465	N/A
Loss before income tax	(7)	(24)	N/A
Loss for the period/year	(7)	(24)	N/A
Net loss attributable to shareholders of Upway International	(7)	(24)	N/A

The net asset value of Upway International as at 30 September 2020 was approximately HK\$31,000.

The sole liability of Upway International is the Shareholder's Loan of approximately HK\$46,187,000 owing to the Vendor as at 30 September 2020 and such will become the liabilities of the Enlarged Group on consolidated basis after the Completion Date.

### *Top Lead*

Top Lead, a company incorporated in Hong Kong with limited liability, was incorporated on 2 November 2018. Top Lead is the registered and beneficial owner of the Property and is wholly-owned by Upway International.

The following information is extracted from the financial information of Top Lead:

	<b>For the six months ended 30 September 2020</b>	<b>For the year ended 31 March 2020</b>	<b>From the date of incorporation to 31 March 2019</b>
	<i>HK\$'000</i> <i>(unaudited)</i>	<i>HK\$'000</i> <i>(audited)*</i>	<i>HK\$'000</i>
Total assets	44,514	45,260	N/A
Loss before income tax	(482)	(1,355)	N/A
Loss for the period/year	(482)	(1,452)	N/A
Net loss attributable to shareholders of Top Lead	(482)	(1,452)	N/A

The net liability value of Top Lead as at 30 September 2020 was approximately HK\$1,934,000.

*\* The financial statements consist of 17 months from 2 November 2018 (date of incorporation) to 31 March 2020.*

#### *The Property*

The Fung Wah Factorial Building was completed in 1960. It is a 7-storey building comprising a total of 31 units. The saleable area of the Fung Wah Factorial Building is approximately 52,046 square feet with an ancillary yard of approximately 7,079 square feet. The site area of the Fung Wah Factorial Building is approximately 9,205.5 square feet.

The Property is the unit at workshop space C1, ground floor, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong, representing approximately 2.50% of the undivided shares of the Fung Wah Factorial Building. The saleable area of the Property is approximately 976 square feet with an ancillary yard of 63 square feet.

As at the date of this announcement, the Group, through its wholly-owned subsidiaries, owns 28 units (including AP common part) out of 31 units of the Fung Wah Factorial Building, representing approximately 90.83% of the undivided shares of the Fung Wah Factorial Building. Immediately after completion of the Agreement, the Group will own 29 units (including AP common part), representing approximately 93.33% of the undivided shares of the Fung Wah Factorial Building.

The Property is divided into two (2) portions: Portion A and Portion B. As at the date of the Agreement, both portions are leased out and there are two (2) tenancy agreements in force which the monthly rental is of a total of HK\$61,000 per month (inclusive of Government Rent and rates and management fees, exclusive of other outgoings), and the amount of security deposits held under the tenancy agreements is of a total of HK\$183,000. Both Portion A and Portion B are currently used for commercial purpose.

Below is the summary of the two (2) tenancy agreements:

<b>Unit</b>	<b>Date of the tenancy agreement</b>	<b>Tenancy period</b>	<b>Monthly rental HK\$</b>	<b>Security deposit HK\$</b>
Portion A	12 April 2019	19 February 2019 to 18 February 2021	46,000	138,000
Portion B	21 April 2020	1 April 2020 to 31 March 2022	15,000	45,000

### **Conditions Precedent**

Completion of the Agreement is conditional upon fulfillment of the following conditions on or prior to the Completion Date:

1. the Purchaser having completed its due diligence review on the business, financial and legal aspects of Upway International and Top Lead, and being satisfied with the results thereof;
2. the warranties provided by the Vendor under the Agreement remain true and accurate and not misleading in all material aspects up to completion of the Agreement; and
3. no material adverse change or effect on the legal and financial position of Upway International having occurred prior to the Completion Date.

If any of the above conditions is not fulfilled or waived on or before the Completion Date, the Purchaser shall be entitled to cancel the transaction contemplated under the Agreement.

### **Consideration**

The Consideration for the Acquisition is HK\$45,000,000, which was paid/is payable by the Purchaser to the Vendor in the following manner:

- (a) HK\$22,000,000 being an initial deposit of the Consideration paid to the Vendor upon signing of the Agreement; and
- (b) HK\$23,000,000 being the balance of the Consideration payable to the Vendor upon completion, which is scheduled to take place on 18 December 2020 (or such later date as the Vendor and the Purchaser may agree in writing).

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor. When determining the Consideration, the management of the Company had taken into account the draft valuation by Colliers International (Hong Kong) Limited, a professional valuer and an Independent Third Party, the apportioned redevelopment value of the Property as at 16 November 2020 of HK\$46,100,000. The management of the Company had also considered the ownership of the Fung Wah Factorial Building and the Property, the Shareholder's Loan and the redevelopment potential of the Lot.

The payment for the initial deposit of the Consideration had been settled in cash on hand by the Group and the remaining balance of the Consideration will be funded by the Group's internal resources and/or bank facilities.

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

After completion of the Agreement, the Company will own the entire issued share capital of Upway International and Upway International together with its subsidiary, Top Lead, will become wholly-owned subsidiaries of the Company.

The Group, through its wholly-owned subsidiaries, owns 28 units (including AP common part) out of 31 units of the Fung Wah Factorial Building, representing approximately 90.83% of the undivided shares of the Fung Wah Factorial Building. The Acquisition will further pave way for the Group to acquire the entire Fung Wah Factorial Building for future redevelopment. The Company plans to seek to acquire the Remaining Units and will make further announcement(s) to inform the Shareholders when any purchase of the Remaining Units is transacted.

The Company has also, on 6 September 2019, filed an application under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong) to the Lands Tribunal for an order to auction all the undivided shares of the Fung Wah Factorial Building (including those owned by the Company). If ordered by the Lands Tribunal, the compulsory sale will likely to constitute a notifiable transaction for the Company and that further announcement(s) will be made in respect thereof as and when required.

If the Company succeeds on acquiring the entire Fung Wah Factorial Building, the Company intends to demolish the Fung Wah Factorial Building and redevelop the Lot into a high-rise modern industrial building.

Taking into account the abovementioned, the Directors are of the view that the Acquisition, the terms and conditions of the Agreement, including the Consideration, were arrived by the parties thereto after arm's length negotiations, made on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

## **INFORMATION ON TOP LEAD, UPWAY INTERNATIONAL AND THE VENDOR**

Top Lead is a company incorporated in Hong Kong with limited liability. The principal business of Top Lead is property holding.

Upway International is a company incorporated in the British Virgin Islands with limited liability. The principal business of Upway International is investment holding, and its ultimate beneficial owner is the Vendor.

To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiries, the Vendor, Upway International, Top Lead and their ultimate beneficial owners are Independent Third Parties.

## **INFORMATION ON THE PURCHASER, THE COMPANY AND THE GROUP**

The Purchaser, a wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability. The principal business of the Purchaser is investment holding.

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616). The Group is principally engaged in the property investment, property development, securities investment and loan financing businesses.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 5% but are less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the acquisition by the Purchaser of the entire issued share capital of Upway International and the assignment of the Shareholder’s Loan from the Vendor subject to the terms and conditions of the Agreement
“Agreement”	a conditional agreement for sale and purchase dated 17 November 2020 entered into between the Purchaser and the Vendor in relation to the Acquisition
“AP common part”	adverse possession of the area of the staircase between workshop space C and workspace space D on the ground floor of the Fung Wah Factorial Building
“Board”	the board of the Directors
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“Completion Date”	18 December 2020, or such later date as the Vendor and the Purchaser may agree in writing
“Consideration”	HK\$45,000,000 (Hong Kong Dollars Forty-Five Million)
“Directors”	directors of the Company

“discloseable transaction”	the meaning ascribed thereto in the Listing Rules
“Enlarged Group”	the Group immediately after completion of the Acquisition
“Fung Wah Factorial Building”	the building known as Fung Wah Factorial Building which is situated at Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong with a total of 31 units (including an AP common part)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lot”	the lots on which the Fung Wah Factorial Building is erected on, being (i) The Remaining Portion of Section A of New Kowloon Inland Lot No. 2213; (ii) Section D of New Kowloon Inland Lot No. 2213; (iii) The Remaining Portion of New Kowloon Inland Lot No. 2213; and (iv) Section E of New Kowloon Inland Lot No. 2213
“Property”	workshop space C1, ground floor of the Fung Wah Factorial Building
“Purchaser”	Skill Master Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Remaining Units”	2 units of the Fung Wah Factorial Building which are: (1) unit D of 2nd floor; and (2) unit A of 5th floor
“Shareholder’s Loan”	the shareholder’s loan owing by Upway International to the Vendor on Completion Date
“Share(s)”	ordinary shares of par value HK\$0.20 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Top Lead”	Top Lead Investment Limited, a company incorporated in Hong Kong with limited liability, the registered and beneficial owner of the Property
“Upway International”	Upway International Group Limited, a company incorporated in the British Virgin Islands with limited liability, an Independent Third Party
“Vendor”	Li Ming Hung, an individual and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 17 November 2020

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

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