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If you have sold or transferred all your shares in Eminence Enterprise Limited, you should at once hand this circular together with 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 VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE AUCTION OF
FUNG WAH FACTORIAL BUILDING,
NOS. 646, 648 AND 648A CASTLE PEAK ROAD, KOWLOON, HONG KONG
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board is set out on pages 5 to 16 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 on Friday, 19 February 2021 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than forty-eight (48) hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Hong Kong, 27 January 2021

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL	II-1
APPENDIX III – PROPERTY VALUATION REPORT	III-1
APPENDIX IV – MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP	IV-1
APPENDIX V – GENERAL INFORMATION	V-1
NOTICE OF THE SGM	N-1

Accompanying Document – Form of Proxy

DEFINITIONS

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

“Acquisition”	the acquisition by Skill Master (as the purchaser) of the entire issued share capital of Upway International Group Limited and the assignment of the shareholder’s loan from Li Ming Hung (as 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 Skill Master (as the purchaser) and Li Ming Hung (as the vendor) in relation to the Acquisition
“Announcement”	the announcement of the Company dated 17 November 2020 in relation to the Acquisition
“AP common part”	adverse possession of the area of the staircase between workshop space C and workshop space D on ground floor of Fung Wah Factorial Building
“Auction”	the public auction of the entire interest in Fung Wah Factorial Building on as “as-is” basis expected to take place by order of the Land Tribunal, and/or any postponement thereof
“Board”	the board of the Directors
“BVI”	British Virgin Islands
“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)
“Daily Leader”	Daily Leader Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“discloseable transaction”	the meaning ascribed thereto in the Listing Rules
“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)

DEFINITIONS

“Fung Wah Properties”	a total of 29 units of Fung Wah Factorial Building owned by the Group
“Group”	the Company and its subsidiaries
“Hearing”	the hearing by the Lands Tribunal for an order for sale of Fung Wah Factorial Building
“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)
“Knight Frank”	Knight Frank Petty Limited, a property valuer and an Independent Third Party
“Lands Tribunal”	the Lands Tribunal established under the Lands Tribunal Ordinance (Chapter 17 of the Laws of Hong Kong)
“Latest Practicable Date”	Friday, 22 January 2021, 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”	(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 and in the messuages erections and buildings thereon known as Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong
“Mandate for Possible Very Substantial Disposal”	the mandate proposed for the Possible Very Substantial Disposal to be granted by the Shareholders at the SGM to the Directors
“Ordinance”	the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong)
“Possible Acquisition”	the possible acquisition of the Remaining Units referred to in this circular

DEFINITIONS

“Possible Very Substantial Disposal”	the possible very substantial disposal of the entire interest in all the units of Fung Wah Properties owned by the Group referred to in this circular
“Registered Owner(s)”	the registered owners of the Remaining Units as recorded in the land register of the Hong Kong Land Registry being: <ul style="list-style-type: none">(i) Wong Fung Chu, the registered owner of workshop space D of 2nd floor of Fung Wah Factorial Building; and(ii) Chan Yat Choi, Cheung Fuk Lam and Ip Wai Ching as tenant in common in equal share, being the registered owners of workshop space A of 5th floor of Fung Wah Factorial Building
“Remaining Units”	two (2) units of Fung Wah Factorial Building which are (i) workshop space D of 2nd floor; and (ii) workshop space A of 5th floor, which representing approximately 6.67% of the undivided shares of Fung Wah Factorial Building in aggregate
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Mandate for Possible Very Substantial Disposal
“Share(s)”	ordinary share(s) of par value HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Skill Master”	Skill Master Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Lead”	Top Lead Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Treasure Arts”	Treasure Arts International Group Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“very substantial disposal”	the meaning ascribed thereto in the Listing Rules

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“sq. m.”	square metre
“%”	per cent.

LETTER FROM THE BOARD



EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

Executive Directors:

Mr. Lai Law Kau

(Chairman and Chief Executive Officer)

Ms. Lui Yuk Chu *(Deputy Chairman)*

Mr. Kwong Jimmy Cheung Tim

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-executive Directors:

Mr. Kan Ka Hon

Mr. Lau Sin Ming

Mr. Wu Koon Yin Welly

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

Block A, 7th Floor

Hong Kong Spinners Building, Phase 6

481–483 Castle Peak Road

Cheung Sha Wan

Kowloon

Hong Kong

27 January 2021

To the Shareholders

Dear Sir or Madam,

**MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO THE AUCTION OF
FUNG WAH FACTORIAL BUILDING,
NOS. 646, 648 AND 648A CASTLE PEAK ROAD, KOWLOON, HONG KONG**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 January 2021 relating to the Possible Acquisition (Discloseable Transaction) and the Mandate for Possible Very Substantial Disposal in relation to the Auction of Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong.

The purpose of this circular is to provide you with, among other things, (i) further information on the Mandate for Possible Very Substantial Disposal; (ii) financial information of the Group; (iii) an independent property valuation report on Fung Wah Factorial Building; (iv) notice of the SGM; and (v) other information required under the Listing Rules.

LETTER FROM THE BOARD

BACKGROUND

The Company, through Skill Master and its wholly-owned subsidiaries (Daily Leader, Treasure Arts and Top Lead) which are the registered owners of Fung Wah Properties, collectively owns 29 units (including an AP common part) out of a total of 31 units of Fung Wah Factorial Building, representing approximately 93.33% of the undivided shares in all those pieces or ground registered in the Land Registry as (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 and in the messuages erections and buildings thereon known as Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong.

On 6 September 2019, the Company filed an application to the Lands Tribunal pursuant to the Ordinance for an order to sell all the undivided shares of Fung Wah Factorial Building (including Fung Wah Properties owned by the Group, as required by the Ordinance) for the purposes of the redevelopment of the entire Lot, with the intention to bid at the Auction and acquire the Remaining Units held by the Registered Owners, representing approximately 6.67% of the undivided shares of Fung Wah Factorial Building in aggregate. As at the date of the application, the Group owned 28 units out of a total of 31 units of Fung Wah Factorial Building. On 11 August 2020, the Lands Tribunal set down the application for the Hearing to be held on 1 March 2021 and, after the Hearing, it is expected the Lands Tribunal will, inter alia, make an order for the sale of Fung Wah Factorial 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 the Registered Owners before the order for sale.

On 17 November 2020, Skill Master, a wholly-owned subsidiary of the Company (as the purchaser) entered into the Agreement with an Independent Third Party, Li Ming Hung (as the vendor) for the sale and purchase of workshop space C1 of ground floor of Fung Wah Factorial Building at a consideration of HK\$45,000,000. Upon completion took place on 25 November 2020, the Group owns 29 units out of a total of 31 units of Fung Wah Factorial Building.

POSSIBLE ACQUISITION (DISCLOSEABLE TRANSACTION)

The Company plans to bid at the Auction for Fung Wah Factorial 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 6.67% of the winning bid price.

The Company intends 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 the Registered Owners before the order for sale, at a price which will not result in the Possible Acquisition exceeding the thresholds for a discloseable transaction. The Directors consider that based on the existing use value and redevelopment value of Fung Wah Factorial Building in the valuation report issued by Knight Frank it would not be in the interest of the Company to pay a price which results in the Possible Acquisition exceeding the thresholds for a discloseable transaction. The Possible Acquisition is thus expected to constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Based on the valuation report issued by Knight Frank, the Company does not intend to bid at a price that would make the Possible Acquisition, when aggregated with the Acquisition, a major transaction or above. The Company will comply with all applicable Listing Rules in respect of the Possible Acquisition as and when required.

MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL

If the Company is not successful at the Auction, the Company will be obliged to sell through the Auction its entire interest in Fung Wah Properties owned by the Group to the successful bidder at the Auction. The Company intends to seek the approval of the Shareholders at the SGM for, inter alia, the mandate to dispose through the Auction its entire interest in Fung Wah Properties. Such mandate is to remain valid for twelve (12) months from the date of the Shareholders' approval. The Possible Very Substantial Disposal if it proceeds will constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules.

FAILURE TO OBTAIN SHAREHOLDERS' APPROVAL

In the event the Mandate for Possible Very Substantial Disposal is not approved by the 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. The latest time to withdraw the application is the first day of the Hearing. A stay of proceedings will give the Company time to consider its position and if thought appropriate 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.

INFORMATION ON FUNG WAH FACTORIAL BUILDING

Fung Wah Factorial Building was completed in 1960. It is a 7-storey building comprising a total of 31 units. The saleable area of Fung Wah Factorial Building is approximately 51,070 sq. ft. The site area of Fung Wah Factorial Building is approximately 9,206 sq. ft.

Information on Fung Wah Properties owned by the Group

The Company, through Skill Master and its wholly-owned subsidiaries (Daily Leader, Treasure Arts and Top Lead) which are the registered owners of Fung Wah Properties, collectively owns 29 units (including an AP common part) out of a total of 31 units of Fung Wah Factorial Building, representing approximately 93.33% of the equal undivided shares in all those pieces or ground registered in the Land Registry as (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 and in the messuages erections and buildings thereon known as Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong.

The total saleable area of Fung Wah Properties owned by the Group is approximately 47,450 sq. ft., representing approximately 93.33% of the undivided shares of Fung Wah Factorial Building.

As at the Latest Practicable Date, twenty-two (22) units of Fung Wah Properties owned by the Group have been leased and the annual rental is approximately HK\$8,100,000.

LETTER FROM THE BOARD

According to the valuation report issued by Knight Frank, as at 21 December 2020, the existing use values for the entire Fung Wah Factorial Building and the Remaining Units are HK\$296,300,000 and HK\$13,400,000 respectively and the market values upon redevelopment for the entire Fung Wah Factorial Building and the Remaining Units are HK\$668,000,000 and HK\$30,000,000 respectively. Thus, the market value upon redevelopment of Fung Wah Properties owned by the Group will be HK\$638,000,000. The aggregate book value of Fung Wah Properties owned by the Group as at 30 November 2020 was approximately HK\$632,336,000. If the Possible Very Substantial Disposal proceeds at such valuation price, the Company expects to recognize a gain on disposal of approximately HK\$5,664,000 (being the difference of the market value upon redevelopment over the book value). The actual amount of the gain or loss will depend on the successful bidder's bid price.

If the Company is successful at the Auction, Fung Wah Factorial Building will be demolished and redeveloped into a high-rise modern industrial building to maximize the usage and potential of the Lot to its fullest extent.

The following information is extracted from the consolidated financial information of Skill Master:

	For the six months ended 30 September 2020	For the year ended 31 March 2020	2019
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Total assets	589,099	595,395	641,954
Profit/(loss) before income tax	(8,601)	(39,239)	1,845
Profit/(loss) for the period/year	(8,601)	(39,239)	1,845
Net profit/(loss) attributable to shareholders of Skill Master	(8,601)	(39,239)	1,845

The net liabilities value of Skill Master was approximately HK\$42,847,000 as of 30 September 2020.

Information on the Remaining Units

The Remaining Units are two (2) units of Fung Wah Factorial Building which are (i) workshop space D of 2nd floor, with a saleable area of approximately 1,710 sq. ft.; and (ii) workshop space A of 5th floor, with a saleable area of approximately 1,910 sq. ft., representing approximately 6.67% of the undivided shares of Fung Wah Factorial Building in aggregate, with a total saleable area of approximately 3,620 sq. ft. The Registered Owners are the owners of the Remaining Units.

Based on the respective notices of opposition to application for an order for sale under the Ordinance filed by the Registered Owners for each of the Remaining Units on 27 September 2019 and 14 November 2019, the Remaining Units have been leased for an annual rental income of approximately HK\$597,600.

LETTER FROM THE BOARD

The Company tried to obtain financial information about the Remaining Units as required by the Listing Rules and made requests to the Registered Owners but has been unable to gain access to the underlying books and records. Therefore, no information regarding the income, net profits, direct costs and other expenses relating to the Remaining Units is available to the Company, which has no right to such information. Despite the fact that relevant information of the Remaining Units is not available to the Company, as the Company intends to redevelop the Lot of Fung Wah Factorial Building, the historical information of the Remaining Units would not be useful or relevant to the Shareholders.

Since the consideration for Fung Wah Factorial Building will only be known at the Auction when there is a successful bidder, as at the Latest Practicable Date, the Company is unable to provide the aggregate value of the consideration due to the fact that the Auction has not yet been held.

The Company has therefore applied for waivers from strict compliance with Rules 14.58(4) and 14.58(7) of the Listing Rules and the same have been granted by the Stock Exchange.

BID PRICE AT THE AUCTION

The Company may bid at or more than the reserve price at the Auction. 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 Fung Wah Factorial Building. Accordingly, the consideration for the acquisition of the Remaining Units payable by the Group would be approximately 6.67% 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 and cash from internal resources of the Group.

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 Knight Frank valuing Fung Wah Factorial Building;
2. the existing use value and redevelopment value of Fung Wah Factorial Building;
3. the latest transacted prices of comparable properties in Lai Chi Kok at the time;
4. the breakeven price on the sale of Fung Wah Properties based on their aggregate book value as at 30 November 2020, being approximately HK\$632,336,000;
5. the availability of internal resources and banking facilities;
6. the property market condition at the time of the Auction and in the near and mid-term; and
7. the bids made by competitors at the Auction.

LETTER FROM THE BOARD

In order not to compromise the commercial interests of the Company by revealing commercial secrets and place the Company in a disadvantaged position against other bidders and/or competitors, the maximum price which the Company is willing to pay at the Auction was not disclosed in the Company's announcement dated 6 January 2021 and is not disclosed in this circular but the Company will not bid at a price that if successful would make the Possible Acquisition exceeding the thresholds for a discloseable transaction. According to the valuation report issued by Knight Frank, as at 21 December 2020, the market value upon redevelopment for the Remaining Units is HK\$30,000,000. The Possible Acquisition at such value or an amount in excess of it would be in the interests of the Company and the Shareholders as a whole because the Possible Acquisition will result in the Group owning the entire Fung Wah Factorial Building and being able to redevelop it and expecting to profit accordingly. 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 and the fact that the reserve price will be determined by the Lands Tribunal, the acquisition or sale at the Auction of the relevant interest in Fung Wah Factorial Building will at least be at fair current market values and not detrimental to the interest of the Company. The Company has applied for waivers from strict compliance with Rules 14.58(4) and 14.58(7) of the Listing Rules and the same have been granted by the Stock Exchange.

The Shareholders should be aware of the following latest transactions of comparable properties in Lai Chi Kok:

Transaction Date	Description of the Property	Age of the Building (years)	Saleable Area (sq. ft.)	Consideration (HK\$)	Price per sq. ft. (HK\$)
11 November 2020	Unit C, 4/F., Wing Hong Factory Building, No. 777-783 Yu Chau West Street, Lai Chi Kok, Kowloon	58	3,090	12,600,000	4,078
5 November 2020	Unit C, 2/F., Wui Wah Factory Building, No. 1035-1037 Yee Kuk West Street, Lai Chi Kok, Kowloon	59	7,960	32,380,000	4,068

Below is the existing use value of Fung Wah Factorial Building based on the valuation report issued by Knight Frank as at 21 December 2020:

Description of the Property	Age of the Building (years)	Saleable Area (sq. ft.)	Existing Use Value (HK\$)	Price per sq. ft. (HK\$)
Fung Wah Factorial Building	60	51,070	296,300,000	5,802

LETTER FROM THE BOARD

AUCTION PROCESS

The Hearing of the Lands Tribunal has been set on 1 March 2021 and the Company expects that after the Hearing an order for sale will be made by the Lands Tribunal for the sale of Fung Wah Factorial Building (including the Remaining Units and Fung Wah Properties 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 is 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 (a) trustee(s), who will be in charge of the conduct of the Auction and subsequent apportionment and distribution of sale proceeds. The trustee(s) to be appointed is/are usually qualified solicitor(s) practising in Hong Kong and will be Independent Third Party(ies). 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 trustee(s) and that Fung Wah Factorial 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 Fung Wah Factorial 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 trustee(s) who will be independent professionals.

According to Section 5(4) of the Ordinance, if Fung Wah Factorial 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 the same interests (respectively) as they hold 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 Fung Wah Factorial Building, the valuation(s) of Fung Wah Factorial 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.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITION

The reasons for the Possible Acquisition are to gain full ownership of the entire Fung Wah Factorial Building for redevelopment and to unlock the commercial potential of the Lot. The value of Fung Wah Factorial Building lies in the redevelopment potential of the Lot instead of its current use value.

The Company plans to seek to acquire the Remaining Units in order to own the entire Fung Wah Factorial Building for future redevelopment. If it succeeds on acquiring the whole Fung Wah Factorial Building, the Company intends to demolish Fung Wah Factorial Building and redevelop the Lot into a high-rise modern industrial building to maximize the usage of the Lot.

The Directors consider that the Lot has great commercial potential given its good location and redevelopment potential and 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 Fung Wah Factorial Building redevelopment project on a number of factors, including financial viability, the Directors took the view that it is beneficial to proceed with the project.

The Directors are mindful that (based on the valuation report issued by Knight Frank), the market value upon redevelopment of Fung Wah Properties owned by the Group will be approximately HK\$638,000,000, whilst the book value of those properties is at present approximately HK\$632,336,000 (a difference of approximately HK\$5,664,000). The Directors consider the Possible Acquisition to be in the interests of the Company and the Shareholders as a whole.

The market value upon redevelopment estimated by Knight Frank is based on current economic conditions and current values in the property market in Hong Kong. Historically the Hong Kong property market has been volatile in comparison to markets in other jurisdictions and is depressed as a result of social unrest that began in June 2019 and the outbreak of the COVID-19 pandemic in January 2020. Given that the time it will take to complete the development if the Company is successful at the Auction, property values are likely to have risen at the time it offers the redeveloped property for sale if it chooses to do so, and if they not, the Directors will consider alternatives such as holding all or part of the development as an investment for rental income.

Taking into account the abovementioned factors, the Directors are in the view 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 VERY SUBSTANTIAL DISPOSAL

If the Company is not successful at the Auction, the Company will be obliged to sell all the units of Fung Wah Properties to the successful bidder at the Auction.

Although the Company would lose the opportunity to redevelop the Lot, the Possible Very Substantial Disposal would improve its cash flow for the Group. The sale proceeds received from the Possible Very Substantial Disposal will be used by the Group in or towards financing other projects and for general working capital.

LETTER FROM THE BOARD

Based on the above reasons, the Directors are of the view that although the Possible Very Substantial Disposal is not their intention, because it is a legal requirement inseparable from the Possible Acquisition it is in the interests of the Company and the Shareholders as a whole and that the terms of sale by the Auction will be fair and reasonable.

LISTING RULES IMPLICATIONS

The Possible Acquisition (Discloseable Transaction)

Based on the valuation report issued by Knight Frank, as at 21 December 2020, the market value upon redevelopment of the Remaining Units is HK\$30,000,000. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Possible Acquisition is expected to exceed 5% but be less than 25%, the Possible Acquisition is expected to constitute a discloseable transaction of the Company, while the Possible Acquisition and the Acquisition in aggregate also constitute a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Possible Very Substantial Disposal

If the consideration for the entire Fung Wah Factorial Building is HK\$668,000,000 (based on the valuation report issued by Knight Frank), the market value upon redevelopment of Fung Wah Properties owned by the Group will be approximately HK\$638,000,000, being the aggregate consideration for the Possible Very Substantial Disposal. As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Possible Very Substantial Disposal exceeds 75%, the Possible Very Substantial Disposal will constitute a very substantial disposal for the Company and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE REGISTERED OWNERS

The Registered Owners are individuals unknown to the Company. To the best of the Directors' knowledge, having made all reasonable enquiries, the Registered Owners and their respective ultimate beneficial owner(s) (where applicable) are Independent Third Parties.

INFORMATION ON DAILY LEADER, TREASURE ARTS, TOP LEAD AND THE GROUP

Daily Leader, an indirect wholly-owned subsidiary of the Company, is incorporated in the BVI with limited liability. The principal business of Daily Leader is property investment and being the registered owner of workshop spaces A2, B1, B2 and C2 of ground floor; and B of 4th floor of Fung Wah Factorial Building.

Treasure Arts, an indirect wholly-owned subsidiary of the Company, is incorporated in the BVI with limited liability. The principal business of Treasure Arts is property investment and being the registered owner of workshop spaces A1 and D of ground floor; A, B, C and D of 1st floor; A, B and C of 2nd floor; A, B, C and D of 3rd floor; A, C and D of 4th floor; B, C and D of 5th floor; and A, B, C and D of 6th floor and roof of Fung Wah Factorial Building.

LETTER FROM THE BOARD

Top Lead, an indirect wholly-owned subsidiary of the Company, is incorporated in Hong Kong with limited liability. The principal business of Top Lead is property holding and being the registered owner of workshop space C1 of ground floor of Fung Wah Factorial Building.

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

FINANCIAL EFFECTS OF THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

Earnings

Based on the unaudited pro forma consolidated statement of profit or loss as set out in Appendix II to this circular, the effect of the Possible Very Substantial Disposal on the Group's financial position as at 31 March 2020 is that loss will decrease by approximately HK\$1,966,000. Based on rental income generated for the year ended 31 March 2020, the Group's earnings from the rental income per annum shall decrease by approximately HK\$8,900,000 due to the Possible Very Substantial Disposal if it proceeds.

Assets and Liabilities

Based on the unaudited pro forma consolidated net assets statement of the Group as set out in Appendix II to this circular, the effect of the Possible Very Substantial Disposal is that (i) investment properties will decrease by approximately HK\$15,300,000; (ii) properties held for development for sale will decrease by approximately HK\$570,100,000; (iii) trade and other receivables will decrease by approximately HK\$1,800,000; (iv) cash reserve will increase by approximately HK\$384,500,000; and (v) trade and other payables will decrease by approximately HK\$12,100,000.

NON-PARTICIPATION AT AUCTION BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED AND ITS DIRECTORS, AND THE COMPANY'S DIRECTORS

Easyknit International Holdings Limited (“**Easyknit**”), the securities of which are listed on the main board of the Stock Exchange (stock code: 1218), through its wholly-owned subsidiaries, holds approximately 29.60% 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 Directors and their respective associates (as defined in the Listing Rules) have also confirmed that they will not participate in the Auction.

LETTER FROM THE BOARD

GENERAL

An application has been made by the Company to the Stock Exchange for appropriate waivers from the disclosure requirements under Rules 14.58(4) and 14.58(7) of the Listing Rules and the same 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 Very Substantial 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 Friday, 19 February 2021 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than forty-eight (48) 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 Very Substantial Disposal and no Shareholder is required to abstain from voting at the SGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021, both dates inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of the 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 Thursday, 11 February 2021.

RECOMMENDATION

The Board is of the opinion that the Mandate for Possible Very Substantial Disposal is fair and reasonable and in the best interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the resolution to approve the Possible Very Substantial Disposal to be proposed at the SGM.

LETTER FROM THE BOARD

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 Very Substantial Disposal is conditional upon the approval of the Shareholders, accordingly, the Possible Very Substantial Disposal may or may not proceed, the 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
Lai Law Kau
Chairman and Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

Further information about the Group is disclosed in the last three (3) published annual reports and its most recent interim report, copies of which can be located at the hyperlinks below:

For the six months ended	Hyperlink	Principal relevant pages
30 September 2020	http://www1.hkexnews.hk/listedco/listconews/sehk/2020/1211/2020121100217.pdf	38–108
For the year ended	Hyperlink	Principal relevant pages
31 March 2020	https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0618/2020061800324.pdf	70–213
31 March 2019	https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/lt20190620297.pdf	61–189
31 March 2018	https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/lt20180622291.pdf	45–149

The management discussions and analyses of the Company for the three (3) years ended 31 March 2018, 2019 and 2020 and for the six months ended 30 September 2020 are disclosed in the published annual reports and interim report of the Company respectively for the relevant periods.

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account 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

As at the close of business of 31 December 2020, 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\$1,521,022,000, which were secured by charges on investment properties and properties held for development for sale of the Group with carrying amounts of approximately HK\$935,966,000 and HK\$2,684,848,000 respectively at 31 December 2020 and all bank borrowings were guaranteed by the Company.

Save as disclosed above and intra-group liabilities, the Group did not have any debt securities authorized 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 the close of business on 31 December 2020.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Although uncertainties in the global economic outlook have been caused by the softening global economic growth, trade war between US and China, and the outbreak of coronavirus disease (COVID-19), the Group maintains a cautiously optimistic view on the property market and will devote resources and efforts in increasing and replenishing its land bank for development. The Group will continue to adopt a prudent approach on acquiring and disposing properties. In addition, the Group will continue to look for potential investment properties for recurring income and capital appreciation, at the same time expanding its loan financing business for the growth of its stable recurring income.

These strategies are intended to enable the Group to maintain its competitiveness thereby ensuring the Group's sustainability and securing the Shareholders' benefits.

5. MATERIAL CHANGE

The Directors confirm that, as at the Latest Practicable Date, subject to COVID-19 and other unpredictable circumstances, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 March 2020, 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. UNAUDITED PROFIT AND LOSS STATEMENT OF FUNG WAH PROPERTIES

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 Fung Wah Properties for the three years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2019 and 2020 are set out below.

	For the six months		For the year ended 31 March		
	ended 30 September		2020	2019	2018
	2020	2019	2020	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group's Units					
Rental income	4,436	4,386	8,883	6,121	3,778
Other income	4	7	12	9	7
Administrative expenses	(2,310)	(2,067)	(4,108)	(4,285)	(2,738)
Loss on changes in fair value of an investment property	(200)	–	(500)	–	–
Write-down on properties held for development for sale	(10,531)	–	(43,526)	–	–
(Loss)/profit and total comprehensive (expense)/income for the period/year	<u>(8,601)</u>	<u>2,326</u>	<u>(39,239)</u>	<u>1,845</u>	<u>1,047</u>

Basis and assumptions

- Workshop space C1 of ground floor of Fung Wah Factorial Building (the “**Top Lead Unit**”), one of the 29 units of Fung Wah Factorial Building owned by the Group, was acquired by Skill Master on 25 November 2020, the Directors do not have access to other financial information in relation to the Units A before owned by the Group.
- The above financial information represents amounts after intragroup transaction eliminations.

3. 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 Fung Wah Properties except for the Top Lead Unit (the “Group’s Units”) for the three years ended 31 March 2018, 2019 and 2020 and the six months ended 30 September 2019 and 2020 (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 25 August 2020 (“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 Skill Master and its wholly-owned subsidiaries (Daily Leader and Treasure Art), 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 Skill Master and its wholly-owned subsidiaries (Daily Leader and Treasure Art), 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.

B. VALUATION OF THE GROUP'S UNITS

The valuation report of the Group's Units as at 21 December 2020 was disclosed in Appendix III to this circular.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

INTRODUCTION

In connection with proposed very substantial disposal transaction in relation to the proposed disposal of 93.33% of the undivided shares of Fung Wah Factorial Building (“**Fung Wah Properties**”) by the Group (excluding with Fung Wah Properties 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 Very Substantial Disposal on the Group’s financial position as at 30 September 2020, as if the Possible Very Substantial Disposal had been taken place on 30 September 2020, and on the Group’s financial performance for the year ended 31 March 2020, as if the Possible Very Substantial Disposal had been taken place on 1 April 2019.

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 2020, which has been extracted from the published annual report of the Group for the year ended 31 March 2020 after making certain pro forma adjustments resulting from the Possible Very Substantial Disposal.

The unaudited pro forma consolidated net assets statement of the Remaining Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2020, which has been extracted from the interim report of the Group for the six months ended 30 September 2020, after making certain pro forma adjustments resulting from the Possible Very Substantial 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 Very Substantial 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 of the circular (“**Circular**”) and other financial information included elsewhere in the Circular.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL**

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

	The Group for the year ended 31 March 2020	Pro forma adjustments			Unaudited Pro forma for Remaining Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)				(Unaudited)
	Note 1	Note 2	Note 3	Note 4	
Revenue	80,682	(8,883)	–	–	71,799
Cost of services rendered	(4,227)	–	–	–	(4,227)
	76,455	(8,883)	–	–	67,572
Other income	9,141	(12)	–	–	9,129
Other losses	(354)	–	–	–	(354)
Other expenses	(1,467)	–	–	–	(1,467)
Administrative expenses	(52,472)	4,108	(918)	–	(49,282)
Net loss on modification of terms of convertible note	(37,526)	–	–	–	(37,526)
Loss on changes in fair value of investment properties	(66,623)	500	–	–	(66,123)
Gain on disposal of subsidiaries	57,511	–	–	–	57,511
Release on disposal of debt instruments at fair value through other comprehensive income	(969)	–	–	–	(969)
Write-down on properties held for development for sale	(134,309)	43,526	–	–	(90,783)
Impairment loss on financial assets, net of reversal:					
– Debt instruments at fair value through other comprehensive income	(456)	–	–	–	(456)
– Loans receivable	(6,581)	–	–	–	(6,581)
Net loss on changes in fair value of financial assets at fair value through profit or loss	(20,429)	–	–	–	(20,429)
Loss on disposal of an investment property and properties held for development for sale	–	–	(36,034)	(321)	(36,355)
Finance costs	(31,578)	–	–	–	(31,578)
Loss before taxation	(209,657)	39,239	(36,952)	(321)	(207,691)
Taxation	3,465	–	–	–	3,465
Loss for the year attributable to owners of Eminence	(206,192)	39,239	(36,952)	(321)	(204,226)

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL**

	The Group for the year ended 31 March 2020	Pro forma adjustments			Unaudited Pro forma for Remaining Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)				(Unaudited)
	Note 1	Note 2	Note 3	Note 4	
Other comprehensive (expense) income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of financial statements of foreign operations	(31,859)	–	–	–	(31,859)
Change in fair value of debt instruments at fair value through other comprehensive income	(4,946)	–	–	–	(4,946)
Release on disposal of debt instruments at fair value through other comprehensive income	969	–	–	–	969
Impairment loss on debt instruments at fair value through other comprehensive income included in profit or loss	456	–	–	–	456
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other comprehensive expense for the year	(35,380)	–	–	–	(35,380)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total comprehensive expense for the year attributable to owners of Eminence	<u>(241,572)</u>	<u>39,239</u>	<u>(36,952)</u>	<u>(321)</u>	<u>(239,606)</u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

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

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2020 as set out in the published annual report of the Group for the year ended 31 March 2020.
2. The adjustment represents the exclusion of the identifiable net income stream of the Fung Wah Properties for the year ended 31 March 2020, assuming the disposal of Fung Wah Properties has taken place on 1 April 2019. The financial information of Fung Wah Properties is extracted from unaudited profit and loss statement of Fung Wah Properties for the year ended 31 March 2020 as set out in Appendix I to this circular.
3. On 17 November 2020, Skill Master (as purchaser), a wholly-owned subsidiary of the Company, entered into a conditional agreement for sale and purchase (the “**Agreement**”) with an independent third party (as vendor) (the “**Vendor**”), pursuant to which, among other things, Skill Master conditionally agreed to acquire and take up, and the Vendor conditionally agreed to sell and assign, the entire issued share capital of Upway International Group Limited (“**Upway International**”) and the shareholder’s loan owing by Upway International to the Vendor on the completion date at a consideration of HK\$45,000,000 subject to the terms and conditions of the Agreement. Top Lead, the wholly-owned subsidiary of Upway International, is the registered and beneficial owner of the workshop space C1 of ground floor of Fung Wah Factorial Building (the “**Top Lead Unit**”). On 25 November 2020, completion took place and Upway International became a wholly-owned subsidiary of the Company, and the Group owns 29 units of Fung Wah Factorial Building upon completion of acquisition of Upway International, representing the Fung Wah Properties.

For the purpose of the unaudited pro forma consolidated statement of profit or loss, it is assumed that (i) the Possible Very Substantial Disposal had taken place on 1 April 2019 and the financial position as at 31 March 2019 is therefore referred to for calculating the loss on disposal of properties held for development for sale and (ii) the acquisition of Upway International have taken place on 1 April 2019.

Based on the valuation report issued by Knight Frank, the market value on a redevelopment basis of the entire Fung Wah Factorial Building as at 21 December 2020 was approximately HK\$668,000,000. If the Possible Very Substantial Disposal proceeds at such valuation price, the implied value of the Fung Wah Properties is assumed to be approximately HK\$638,000,000, determined by the proportion of the existing use value of the Fung Wah Properties to the total existing use value of all the units in Fung Wah Factorial Building.

The adjustment represents (i) loss on disposal of an investment property and properties held for development for sale of approximately HK\$36,034,000 arising from the Possible Very Substantial Disposal of the Fung Wah Properties with a carrying amount of HK\$674,034,000 (derived by an investment property owned by the Group as at 1 April 2019 of approximately HK\$16,000,000, the 27 units owned by the Group as at 1 April 2019 of approximately HK\$612,818,000 and the Top Lead Unit of approximately HK\$45,216,000) for a cash consideration of HK\$638,000,000 and (ii) write-off of prepayment of approximately HK\$918,000, representing legal and professional fees of the property redevelopment project.

4. The adjustment represents payment of the estimated transaction costs attributable to this Circular of approximately HK\$321,000.
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 2020.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL**

**B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE
REMAINING GROUP**

	The Group as at 30 September 2020					Unaudited Pro forma for Remaining Group	
	HK\$'000	HK\$'000	Pro forma adjustments			HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	
Non-current assets							
Property, plant and equipment	6,171	–	–	–	–	–	6,171
Right-of-use assets	7,042	–	–	–	–	–	7,042
Investment properties	1,275,489	–	(15,300)	–	–	–	1,260,189
Loans receivable	17,870	–	–	–	–	–	17,870
Financial assets at fair value through profit or loss	14,807	–	–	–	–	–	14,807
Debt instruments at fair value through other comprehensive income	33,488	–	–	–	–	–	33,488
Other receivables	101,500	–	–	–	–	–	101,500
	<u>1,456,367</u>	<u>–</u>	<u>(15,300)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,441,067</u>
Current assets							
Properties held for development for sale	2,664,667	45,216	(615,316)	–	–	–	2,094,567
Trade and other receivables	26,099	18	(1,839)	–	–	–	24,278
Loans receivable	275,322	–	–	–	–	–	275,322
Financial assets at fair value through profit or loss	83,516	–	–	–	–	–	83,516
Debt instruments at fair value through other comprehensive income	8,040	–	–	–	–	–	8,040
Bank balances and cash	165,265	(44,920)	638,000	(11,591)	(196,669)	(321)	549,764
	<u>3,222,909</u>	<u>314</u>	<u>20,845</u>	<u>(11,591)</u>	<u>(196,669)</u>	<u>(321)</u>	<u>3,035,487</u>

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL**

	The Group as at 30 September 2020					Unaudited Pro forma for Remaining Group	
	Pro forma adjustments						
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)					(Unaudited)	(Unaudited)
<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>		
Current liabilities							
Trade and other payables	99,763	223	–	(11,591)	(729)	–	87,666
Tax payable	9,444	91	–	–	–	–	9,535
Convertible notes	51,096	–	–	–	–	–	51,096
Secured bank borrowings	381,936	–	–	–	(195,940)	–	185,996
Lease liabilities	2,366	–	–	–	–	–	2,366
	<u>544,605</u>	<u>314</u>	<u>–</u>	<u>(11,591)</u>	<u>(196,669)</u>	<u>–</u>	<u>336,659</u>
Net current assets	<u>2,678,304</u>	<u>–</u>	<u>20,845</u>	<u>–</u>	<u>–</u>	<u>(321)</u>	<u>2,698,828</u>
Total assets less current liabilities	<u>4,134,671</u>	<u>–</u>	<u>5,545</u>	<u>–</u>	<u>–</u>	<u>(321)</u>	<u>4,139,895</u>
Non-current liabilities							
Deferred taxation	25,504	–	–	–	–	–	25,504
Convertible note	44,566	–	–	–	–	–	44,566
Secured bank borrowings	1,155,877	–	–	–	–	–	1,155,877
Lease liabilities	4,682	–	–	–	–	–	4,682
	<u>1,230,629</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,230,629</u>
Net assets	<u><u>2,904,042</u></u>	<u><u>–</u></u>	<u><u>5,545</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>(321)</u></u>	<u><u>2,909,266</u></u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

Notes to the unaudited pro forma consolidated net assets statement:

1. The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2020 as set out in the interim report of the Group for the six months ended 30 September 2020.
2. On 17 November 2020, Skill Master (as purchaser), a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which, among other things, Skill Master 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 owing by Upway International to the Vendor on the completion date at a consideration of HK\$45,000,000 subject to the terms and conditions of the Agreement. The decrease in bank balances and cash of approximately HK\$44,920,000 represents (i) bank balances and cash acquired of approximately HK\$80,000 and (ii) consideration paid of approximately HK\$45,000,000 to the Vendor. Top Lead, the wholly-owned subsidiary of Upway International, is the registered and beneficial owner of the Top Lead Unit. On 25 November 2020, completion took place and Upway International became a wholly-owned subsidiary of the Company, and the Group owns 29 units of Fung Wah Factorial Building upon completion of acquisition of Upway International, representing the Fung Wah Properties.

For the purpose of the unaudited pro forma consolidated net assets statement, it is assumed that the acquisition of Upway International have taken place on 30 September 2020.

3. Based on the valuation report issued by Knight Frank, the market value on a redevelopment basis of the entire Fung Wah Factorial Building as at 21 December 2020 was approximately HK\$668,000,000. If the Possible Very Substantial Disposal proceeds at such valuation price, the implied value of the Fung Wah Properties is assumed to be approximately HK\$638,000,000, determined by the proportion of the existing use value of the Fung Wah Properties to the total existing use value of all the units in Fung Wah Factorial Building.

The adjustment represents (i) gain on disposal of an investment property and properties held for development for sale of approximately HK\$7,384,000 arising from the Possible Very Substantial Disposal of the Fung Wah Properties with a carrying amount of HK\$630,616,000 (derived by an investment property owned by the Group as at 30 September 2020 of approximately HK\$15,300,000, the 27 units owned by the Group as at 30 September 2020 of approximately HK\$570,100,000 and the Top Lead Unit of approximately HK\$45,216,000 as mentioned in Note 2 above) for a cash consideration of HK\$638,000,000 and (ii) write-off of prepayment of approximately HK\$1,839,000, representing legal and professional fees of the property redevelopment project.

4. The adjustment represents refund of rental deposits received of approximately HK\$11,591,000 to respective tenants upon disposal of the Fung Wah Properties to the Winning Bidder.
5. The adjustment represents the repayment of bank loan and interest accrued upon the completion of the Possible Very Substantial Disposal as the bank loan is secured by charges over the Fung Wah Properties.
6. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$321,000.
7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2020.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

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

27 January 2021

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 30 September 2020, the pro forma statement of profit or loss for the year ended 31 March 2020 and related notes as set out on pages II-1 to II-7 of the circular dated 27 January 2021 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 II-1 of the circular.

The pro forma financial information has been compiled by the directors to illustrate the impact of the disposal of 93.33% of the undivided shares of Fung Wah Factory Building on the Group’s financial position as at 30 September 2020 and on the Group’s financial performance for the year ended 31 March 2020 as if the transaction had been taken place at 30 September 2020 and 1 April 2019 respectively. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2020, on which no review report has been published; and information about the financial performance has been extracted by the directors from the Group’s audited consolidated financial statements for the year ended 31 March 2020, on which an auditor’s report has been published.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

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 2019 and 30 September 2020 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE VERY SUBSTANTIAL DISPOSAL

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 valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited (“Knight Frank”), an independent valuer, in connection with their valuation as at 21 December 2020 of the Property Interest held by Eminence Enterprise Limited.



Knight Frank Petty Limited
4/F, Shui On Centre
6–8 Harbour Road
Wanchai, Hong Kong

27 January 2021

The Board of Directors
Eminence Enterprise Limited
Block A, 7th Floor,
Hong Kong Spinners Building, Phase 6,
481–483 Castle Peak Road,
Cheung Sha Wan, Kowloon, Hong Kong

Dear Sirs,

Valuation in respect of the Workshop Spaces A1, A2, B1, B2, C1, C2 and D on Ground Floor, Workshop Spaces A to D on 1st Floor, Workshop Spaces A to C on 2nd Floor, Workshop Spaces A to D on 3rd Floor and 4th Floor, Workshop Spaces B to D on 5th Floor and Workshop Spaces A to D on 6th Floor and Roof, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Cheung Sha Wan, Kowloon (the “Property”).

INSTRUCTIONS

In accordance with the instructions for us the value the Property to be acquired by a wholly-owned subsidiary of Eminence Enterprise Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, hereinafter together referred to as the “**Group**”). We confirm that we have carried out inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property in existing state as at 21 December 2020 (the “**Valuation Date**”) for public disclosure purposes. Our valuation is undertaken by qualified valuer with relevant experiences as an independent valuer. Our valuation is prepared in unbiased and professional manner.

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are providing an objective and unbiased valuation. Our valuation is based on 100% of the leasehold interest of the Property.

BASIS OF VALUATION

In arriving at our opinion of the market value, we followed “The HKIS Valuation Standards 2017” issued by The Hong Kong Institute of Surveyors (“**HKIS**”) and “The RICS Valuation – Global Standards 2020” issued by the Royal Institution of Chartered Surveyors (“**RICS**”). Under the said standards, Market Value is defined as:

“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.”

“the estimated exchange price of an asset without regard to the seller’s costs of sale or the buyer’s costs of purchase and without adjustment for any taxes payable by either party as a direct result of the transaction.”

Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in “The HKIS Valuation Standards 2017” issued by HKIS and “RICS Valuation – Global Standards 2020” issued by RICS.

VALUATION METHODOLOGY

Our valuation has been undertaken using appropriate valuation methodology and our professional judgement. In our valuation, we have adopted Market Approach by made reference to the recent market sales evidence which is available in the open market. Appropriate adjustments have been made in our valuation to reflect the differences in the characteristics between the Property and the comparable properties such as location, time, size, building age, layout, ancillary facilities and quality in arriving at our opinion on the market value.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions.

TITLE DOCUMENTS AND ENCUMBRANCES

In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoing. These assumptions are considered valid by the Company. The Company intends to redevelop the Property in compliance with the relevant covenants and/or restrictions to which the Property is subject (including the zoning plan and the government lease as more particularly described below). Based on the information provided by the Company, the existing tenement blocks will be demolished. The rectification work for the Building Orders currently registered against the Property will be addressed following the demolition of the existing tenement blocks. Therefore, we have disregarded the Building Orders and the effects of the defects on the value and safety of the Property.

DISPOSAL COSTS AND LIABILITIES

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale.

SOURCES OF INFORMATION

We have relied to a very considerable extent on information given by the Company. We have accepted advice given to us on such matters as statutory notice, easement, land tenure, occupancy status, floor areas and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning this Property, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property or contained on the register of title. We assume that this information is complete and correct.

INSPECTION

We have inspected the Property on 21 December 2020 by Mr. Cyrus Fong, *MRICS MHKIS MCIREA RPS(GP) RICS Registered Valuer*. Nevertheless, we have assumed in our valuations that the Property was in satisfactory exterior and interior decorative order without any unauthorized extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

IDENTITY OF THE PROPERTY TO BE VALUED

We have exercised reasonable care and skill to ensure that the Property, identified by the Property address in your instructions, is the Property inspected by us and contained within our valuation report. If there is ambiguity as to the Property address, or the extent of the Property to be valued, this should be drawn to our attention in your instruction or immediately upon receipt of our report.

PROPERTY INSURANCE

We have valued the Property on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

AREAS AND AGE

In our valuations, we have relied upon areas provided to us. We have also assumed that the measurements and dimensions shown on the documents handed to us are correct and in approximations only. We have scaled off the floor areas from the approved building plans in accordance with the First Edition (March 1999) of the Code of Measuring Practice by the Hong Kong Institute of Surveyors with Supplement issued on 1 July 2014.

STRUCTURAL AND SERVICES CONDITION

We have carried out visual inspection only without any structural investigation or building survey. During our limited inspection, we did not inspect any inaccessible areas, We are unable to confirm whether the Property is free from urgent or significant defects or items of disrepair or any deleterious materials have been used in the construction of the Property. Our valuation has therefore been undertaken on the assumption that the Property was in satisfactory repair and condition and contains no deleterious materials and it is sound order and free from structural faults, rot, infestation or other defects, and that the services are in satisfactory condition.

GROUND CONDITION

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed the Property was constructed, occupied and used in full compliance with, and without contravention of any ordinance, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, expected only where otherwise stated.

VALUATION ASSUMPTION

We have assumed that the owner(s) of the Property is free and uninterrupted rights to use and assign the Property the Property during the whole of the unexpired land-lease term granted subject to the payment of usual Government Rent.

REMARKS

Unless otherwise stated, all money amounts stated in our valuations are in Hong Kong Dollars (HK\$).

AREA CONVERSION

The area conversion factors in this report are taken as follows:

1 sq. m. = 10.764 sq. ft.

We enclose herewith our valuation report.

LIMITATIONS ON LIABILITY

Knight Frank's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this valuation is limited to HK\$50 million. Knight Frank accepts no liability for any indirect or consequential loss or for loss of profits.

We confirm that we hold adequate and appropriate Professional Indemnity Insurance cover for this instruction.

No claim arising out of or in connection with this valuation report may be brought against any member, employee, partner, director or consultant of Knight Frank. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank.

This report is confidential to the addressee for the specific purpose to which it refers. It may be disclosed to other professional advisers assisting the addressee in respect of the purposes, but the addressee shall not disclose the report to any other person. Neither the whole, or any part of this report and valuation, nor any reference thereto may be included in any documents, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web site) without our written approval of the form and context in which it will appear.

In accordance with our standard practice, we must state that this report and valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this report.

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. While current market is influenced by various policies and regulations, increased complexity in social movements and international trade tensions geopolitics, has also resulted in more fluctuations in real estate market. It must be recognised changes in policy direction, mortgage requirements, social and international tensions could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the valuation date may affect the value of the property.

Yours faithfully,
For and on behalf of
Knight Frank Petty Limited

Reviewed (but not undertaken) by:

Cyrus Fong
MRICS MHKIS MCIREA RPS(GP) RICS
Registered Valuer
Director, Valuation & Advisory

Thomas Lam
FRICS FHKIS MCIREA RPS(GP) RICS
Registered Valuer
Executive Director, Head of Valuation & Advisory

Note: Mr. Thomas Lam is a qualified valuer who has over 20 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macau and Asia Pacific region.

Mr. Cyrus Fong is a qualified valuer who has 14 years of extensive experiences in valuation of properties in the PRC, Hong Kong, Macau and Asia Pacific region.

1 VALUATION

Property	Description	Particulars of occupancy	Market Value of the Property as at 21 December 2020
Workshop Spaces A1, A2, B1, B2, C1, C2 and D on Ground Floor, Workshop Spaces A to D on 1st Floor, Workshop Spaces A to C on 2nd Floor, Workshop Spaces A to D on 3rd Floor and 4th Floor, Workshop Spaces B to D on 5th Floor and Workshop Spaces A to D on 6th Floor and Roof, Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Cheung Sha Wan, Kowloon (the “ Property ”).	<p>Fung Wah Factorial Building (the “Development”) is situated on the northwestern side of Castle Peak Road at its junction with Tai Nan West Street in Cheung Sha Wan of the Kowloon Peninsula.</p> <p>The immediate locality is a well-established industrial area where developments in the vicinity comprise mainly of medium/high-rise industrial buildings, medium/high-rise industrial/office buildings and high-rise office towers. Public transportation facilities such as franchised buses, public light buses and taxis are available along Cheung Sha Wan Road. The MTR Tsuen Wan Line – Lai Chi Kok Station is within 3 minutes’ walk from the Property.</p> <p>The Property is erected on 4 adjacent parcels of land with a total site area of approximately 9,206 sq. ft. (or 855.26 sq. m.). The Development is a 7-storey industrial building completed in 1960 according to Occupation Permit No K137/60.</p>	According to the information provided by the Company, the Property was owner occupied as at the valuation date.	<p>HK\$282,900,000 (Hong Kong Dollars Two Hundred Eighty Two Million Nine Hundred Thousand) in existing state.</p> <p>*For the breakdown of the market value in existing state, please refer to Note (4).</p> <p>**For other market value, please refer to Notes (12) to (14).</p>
The Remaining Portion of Section A, Section D, Section E and the Remaining Portion of the New Kowloon Inland Lot No. 2213 (“ NKIL 2213 s.A R.P., s.D, s.E & R.P. ”).	<p>According to the information provided by the Company, the Property comprises 29 workshop spaces with a total saleable area of about 47,450 sq. ft. (or 4,408.21 sq. m.). The saleable area of each unit is tabulated in note (6).</p> <p>The Property is planned to be redeveloped into a high-end industrial building with a total gross floor area of approximately 110,486 sq. ft..</p> <p>The Development is held under the Government Lease of NKIL 2213 for a term of 75 years renewable for 24 years commencing from 1 July 1898. By virtue of the New Territories Leases (Extension) Ordinance, the term has been extended to 30 June 2047. The Government Rent of the Property is HK\$12,740 per annum.</p>		

Notes:

- (1) Pursuant to records obtained from the Land Registry and information provided by the Company, the registered owners of the Property as at the Valuation Date are wholly-owned subsidiaries of Eminence Enterprise Limited, namely, Treasure Arts International Group Limited, Daily Leader Limited and Top Lead Investment Limited. The registered owners of the Property are summarized as follows:

Unit	Registered Owner	Last Transaction
Workshop Space A1 on G/F	Treasure Arts International Group Limited	HK\$53,000,000 vide memorial no 18021402540413 dated 9 February 2018
Workshop Space A2 on G/F	Daily Leader Limited	HK\$110,000,000 (pt.) vide memorial no 16121600220020 dated 29 November 2016
Workshop Space B1 on G/F	Daily Leader Limited	HK\$110,000,000 (pt.) vide memorial no 16121600220020 dated 29 November 2016
Workshop Space B2 on G/F	Daily Leader Limited	HK\$110,000,000 (pt.) vide memorial no 16121600220020 dated 29 November 2016
Workshop Space C1 on G/F	Top Lead Investment Limited	HK\$43,500,000 vide memorial no 19021502070083 dated 30 January 2019
Workshop Space C2 on G/F	Daily Leader Limited	HK\$32,000,000 vide memorial no 16120200320013 dated 9 November 2016
Workshop Space D on G/F	Treasure Arts International Group Limited	HK\$69,800,000 vide memorial no 17112902490111 dated 15 November 2017
Workshop Space A on 1/F	Treasure Arts International Group Limited	HK\$11,500,000 vide memorial no 17120102210223 dated 14 November 2017
Workshop Space B on 1/F	Treasure Arts International Group Limited	HK\$14,300,000 vide memorial no 17091802150024 dated 22 August 2017
Workshop Space C on 1/F	Treasure Arts International Group Limited	HK\$12,000,000 vide memorial no 16082500890179 dated 5 August 2016
Workshop Space D on 1/F	Treasure Arts International Group Limited	HK\$12,000,000 vide memorial no 16082500890183 dated 5 August 2016
Workshop Space A on 2/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890012 dated 5 August 2016
Workshop Space B on 2/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890029 dated 5 August 2016
Workshop Space C on 2/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890030 dated 5 August 2016
Workshop Space A on 3/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890052 dated 5 August 2016
Workshop Space B on 3/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890060 dated 5 August 2016
Workshop Space C on 3/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16083000480025 dated 5 August 2016
Workshop Space D on 3/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 17052400460010 dated 5 August 2016
Workshop Space A on 4/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890073 dated 5 August 2016
Workshop Space B on 4/F	Daily Leader Limited	HK\$18,000,000 vide memorial 16102700180016 dated 18 October 2016
Workshop Space C on 4/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890097 dated 5 August 2016
Workshop Space D on 4/F	Treasure Arts International Group Limited	HK\$9,800,000 vide memorial 16082500890196 dated 18 August 2016
Workshop Space B on 5/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890102 dated 5 August 2016
Workshop Space C on 5/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890113 dated 5 August 2016
Workshop Space D on 5/F	Treasure Arts International Group Limited	HK\$8,500,000 vide memorial 16082500890126 dated 5 August 2016

Unit	Registered Owner	Last Transaction
Workshop Space A on 6/F and Roof A	Treasure Arts International Group Limited	HK\$10,200,000 vide memorial 16082500890139 dated 5 August 2016
Workshop Space B on 6/F and Roof B	Treasure Arts International Group Limited	HK\$10,200,000 vide memorial 16082500890141 dated 5 August 2016
Workshop Space C on 6/F and Roof C	Treasure Arts International Group Limited	HK\$10,200,000 vide memorial 16082500890150 dated 5 August 2016
Workshop Space D on 6/F and Roof D	Treasure Arts International Group Limited	HK\$10,200,000 vide memorial 16082500890161 dated 5 August 2016

- (2) At the time of our recent search, the following encumbrances were registered against the Property:
- (i) Deed of Mutual Covenant with Plan vide memorial no UB751468 dated 6 July 1970;
 - (ii) Debenture and Mortgage in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities (including but not limited to term loan facilities of up to HK\$218,980,000) and all other moneys payable in respect thereof vide memorial no 17110802400286 dated 16 October 2017; and
 - (iii) Sealed Copy of Form 32 Notice of Application to Lands Tribunal for an Order for Sale vide memorial no 19091100700016 dated 6 September 2019 in favour of Daily Leader Limited (1st Applicant), Treasure Arts International Group Limited (2nd Applicant), Top Lead Investment Limited (1st Respondent), Wong Fung Chu (2nd Respondent) and Chan Yat Choi, Cheung Fuk Lam and Ip Wai Ching (3rd Respondent) under Land (Compulsory Sale for Redevelopment) Ordinance pursuant to Section 3(1) Land Compulsory Sale Main Application No LDCS 29000/2019.
- (3) As measured from Approved Building Plan and the information from the Rating and Valuation Department, the total saleable area of the Property is about 47,450 sq. ft. (or 4,408.21 sq. m.) with the breakdown as follows:

Unit	Saleable Area (sq. ft.)	Saleable Area (sq. m.)	Ancillary Area
Workshop Space A1 on G/F	1,090	101.26	Yard: 65 sq. ft.
Workshop Space A2 on G/F	800	74.32	Yard: 65 sq. ft.
Workshop Space B1 on G/F	800	74.32	Yard: 65 sq. ft.
Workshop Space B2 on G/F	1,090	101.26	Yard: 65 sq. ft.
Workshop Space C1 on G/F	1,090	101.26	Yard: 65 sq. ft.
Workshop Space C2 on G/F	685	63.64	Yard: 65 sq. ft.
Workshop Space D on G/F	1,685	156.54	Yard: 130 sq. ft.
Workshop Space A on 1/F	1,910	177.44	N/A
Workshop Space B on 1/F	1,910	177.44	N/A
Workshop Space C on 1/F	1,775	164.90	N/A
Workshop Space D on 1/F	1,710	158.86	N/A
Workshop Space A on 2/F	1,910	177.44	N/A
Workshop Space B on 2/F	1,910	177.44	N/A
Workshop Space C on 2/F	1,775	164.90	N/A
Workshop Space A on 3/F	1,910	177.44	N/A
Workshop Space B on 3/F	1,910	177.44	N/A
Workshop Space C on 3/F	1,775	164.90	N/A
Workshop Space D on 3/F	1,710	158.86	N/A
Workshop Space A on 4/F	1,910	177.44	N/A
Workshop Space B on 4/F	1,910	177.44	N/A
Workshop Space C on 4/F	1,775	164.90	N/A
Workshop Space D on 4/F	1,710	158.86	N/A
Workshop Space B on 5/F	1,910	177.44	N/A
Workshop Space C on 5/F	1,775	164.90	N/A
Workshop Space D on 5/F	1,710	158.86	N/A
Workshop Space A on 6/F and Roof A	1,910	177.44	Roof: 1,853 sq. ft.
Workshop Space B on 6/F and Roof B	1,910	177.44	Roof: 1,873 sq. ft.
Workshop Space C on 6/F and Roof C	1,775	164.90	Roof: 1,873 sq. ft.
Workshop Space D on 6/F and Roof D	1,710	158.86	Roof: 1,653 sq. ft.

- (4) When considering the Market Value of the Property in existing state, we have made reference to sale transactions as available in the market. The unit rates shown are before adjustments to show the discrepancies between the Property and the comparables and they should not be applied directly before any appropriate adjustments. Summaries of these transactions are highlighted as follows:

Sale Comparables for Industrial Units

Property	Transaction Date	Consideration (HK\$)	Saleable Area (sq. ft.)	Unit Rate (HK\$ per sq. ft.)	Completion Year
Unit C, 4/F, Wing Hong Factory Building, No. 777-783 Yu Chau West Street, Lai Chi Kok, Kowloon	11 November 2020 (ASP)	\$12,600,000	3,090	\$4,078	1962
Unit C, 2/F, Wui Wah Factory Building, No. 1035-1037 Yee Kuk West Street, Lai Chi Kok, Kowloon	5 November 2020 (ASP)	\$32,380,000	7,960	\$4,068	1961
5/F, Bedford Factory Building, No. 51 Bedford Road, Tai Kok Tsui, Kowloon	8 October 2020 (ASP)	\$14,000,000	4,085	\$3,427	1961
9/F, Bedford Factory Building, No. 51 Bedford Road, Tai Kok Tsui, Kowloon	21 September 2020 (ASP)	\$13,800,000	4,085	\$3,378	1961

- (5) As per information provided by the Company, the portion owned by the Company based on the undivided shares of the Property is about 93.33%.
- (6) The Property is situated within an area zoned as “Other Specified Uses (Business 1)” under the Approved Cheung Sha Wan Outline Zoning Plan (the “OZP”) No S/K5/37 approved on 6 December 2016 as at the Valuation Date.
- (7) The use and development of the Property are governed by the Government Lease of New Kowloon Inland Lot No. 2213 and two modification letters in respect of NKIL 2213 RP and NKIL 2213 s.A RP & s.D dated 22 March 1958 and 24 March 1958 respectively. The whole of the documents should be noted, but the following conditions are of particular relevance:

Lot	Use
NKIL 2213 s.A RP, s.D & RP	- Non-offensive trade (as per Government Lease)
	- General industrial purposes only (as per the modification letters)
NKIL 2213 s.E	- Non-offensive trade (as per Government Lease)
	- A factory for the manufacture of soy ginger sauce, preserved fruits or vegetables or Chinese sweetmeats (as per Government Lease)

- (8) As per the temporary waiver letter dated 25 March 1986 in respect of Workshop Space B1 on Ground Floor of the Property, the use of a canteen is permitted for the lifetime of the building.
- (9) Based on our experiences and reference has been made to the cost data published by a professional quantity surveyor and the information provided by the Company, the total estimated construction cost including professional fee and demolition cost is about HK\$261,000,000.
- (10) The Property is planned to be redeveloped into a high-rise modern industrial building with a total gross floor area of approximately 110,466 sq. ft.. The construction period is expected to be 3 years and expected to be completed in Q1 2024.
- (11) Gross Development Value of the proposed development assuming 100% interest of the whole development site, on an immediate vacant possession basis and assuming it was completed in accordance with the proposed development scheme as at the valuation date was in the sum of HK\$1,200,000,000 (Hong Kong Dollars One Billion Two Hundred Million).

- (12) The market value of the Property together with Workshop Space D on 2/F and Workshop Space A on 5/F (the “**whole development**”) on redevelopment basis assuming 100% interest on site as at the Valuation Date is HK\$668,000,000.
- (13) The undivided shares and of units held other than the Company are listed as below:

Unit	Undivided Shares	Saleable Area (sq. ft.)	Market Value in existing state (HK\$)	Apportioned market value on redevelopment basis (HK\$)
Workshop Space D on 2/F	2/60	1,710	\$7,400,000	\$16,600,000
Workshop Space A on 5/F	2/60	1,910	\$6,000,000	\$13,400,000

THE MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020 AND EACH OF THE THREE YEARS ENDED 31 MARCH 2018, 2019 AND 2020 ARE SET OUT IN THE COMPANY'S PUBLISHED INTERIM AND ANNUAL REPORTS. THE REPORTS CAN BE VIEWED AT THE FOLLOWING HYPERLINKS:

For the six months ended	Publication of interim report	Pages
30 September 2020	11 December 2020	5–24
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1211/2020121100217.pdf		
For the year ended	Publication of annual report	Pages
31 March 2020	18 June 2020	5–21
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0618/2020061800324.pdf		
31 March 2019	20 June 2019	5–16
https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ltn20190620297.pdf		
31 March 2018	22 June 2018	5–16
http://www3.hkexnews.hk/listedco/listconews/sehk/2018/0622/ltn20180622291.pdf		

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 or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, none of the Directors or chief executive 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 Securities and Futures Ordinance (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) Interests of Substantial Shareholders

As at the Latest Practicable Date, the persons (other than the Directors or the chief executive of the Company) who had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Notes	Capacity	Number of Shares	Number of Underlying Shares	Total	Approximate percentage of the total issued Shares
Ace Winner Investment Limited (“Ace Winner”)	(i)	Beneficial owner	90,855,000	–	90,855,000	9.75%
Goodco Development Limited (“Goodco”)	(i) and (ii)	Beneficial owner	161,445,295	389,120,000	550,565,295	59.10%
Easyknit Properties Holdings Limited	(i) and (ii)	Interest of controlled corporation	161,445,295	389,120,000	550,565,295	59.10%

Name of Shareholder	Notes	Capacity	Number of Shares	Number of Underlying Shares	Total	Approximate percentage of the total issued Shares
Easyknit International Holdings Limited (“Easyknit”)	(i) and (ii)	Interest of controlled corporation	275,687,665	389,120,000	664,807,665	71.37%
Hu Rong		Beneficial owner	47,030,000	–	47,030,000	5.05%

Notes:

- (i) In the 275,687,665 Shares, 90,855,000 Shares, 23,387,370 Shares and 161,445,295 Shares are registered in the name of and beneficially owned by Ace Winner, Landmark Profits Limited and Goodco (which is wholly-owned by Easyknit Properties Holdings Limited) respectively, all of which are wholly-owned subsidiaries of Easyknit.
- (ii) The 389,120,000 underlying Shares comprise of (i) 64,000,000 revised conversion shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 11 May 2017; (ii) 45,120,000 revised conversion shares (subject to adjustment) to be issued upon full conversion of another convertible note held by Goodco issued by the Company on 26 September 2017; and (iii) 280,000,000 revised conversion shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 28 August 2019.

Ms. Lui Yuk Chu, an executive Director and an executive director of Easyknit, is also a director of Ace Winner, Landmark Profits Limited, Goodco and Easyknit Properties Holdings Limited. Apart from Ms. Lui Yuk Chu, as at the Latest Practicable Date, no Director is also a director or an employee of the substantial Shareholders.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were 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 Group.

4. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any member 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' INTEREST IN COMPETING BUSINESS

Name of Director	Name of company	Nature of competing business	Nature of interest
Lui Yuk Chu	Easyknit	Property development, property investment, securities 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' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors were interested in any contract of arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2020, 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

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two (2) years immediately preceding and including the Latest Practicable Date:

- (a) a property management agreement dated 8 March 2019 entered into between UrbanMode (HK) Limited, a wholly-owned subsidiary of Easyknit, as manager, and Wellmake Investments Limited, a wholly-owned subsidiary of the Company, as registered owner, for the management of Easy Tower by UrbanMode (HK) Limited;
- (b) 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;
- (c) a third deed of amendment (the "**Third Deed**") dated 26 March 2019 entered into between the Company and Madian in relation to the alteration of the subscription price under a convertible note held by Madian and convertible into Shares;

- (d) a fourth deed of amendment dated 8 April 2019 entered into between the Company and Madian in relation to the termination and replacement of the Third Deed, alteration of the subscription price under a convertible note held by Madian 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;
- (e) 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;
- (f) the subscription agreement dated 17 June 2019 between the Company, as issuer, and Goodco, as subscriber, relating to the issue by the Company to Goodco a convertible note in the principal amount of HK\$70,000,000, conferring rights to convert at any time before 28 August 2024 the principal amount into the Shares at a conversion price which is currently HK\$0.25 per Share (after adjustment);
- (g) a sale and purchase agreement dated 9 July 2019 entered into between Above Ace Limited (“Above Ace”), 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;
- (h) an underwriting agreement dated 4 November 2019 entered into between the Company and Get Nice Securities Limited, as underwriter, in relation to, inter alia, a rights issue of the Company on the basis of four rights Shares for every one consolidated Share;
- (i) two loan agreements dated 16 January 2020 and 11 March 2020 respectively entered into between City China International Limited, a wholly-owned subsidiary of the Company, as lender, and Victor Or, as borrower, in relation to the granting of loans in the total principal amount of HK\$34,000,000;
- (j) a sale and purchase agreement dated 6 April 2020 entered into between Success Edge Limited, a wholly-owned subsidiary of the Company, as buyer, and Ng Kwai Tung, as seller, in relation to the sale and purchase of the entire issued share capital and the respective shareholder’s loan owing by Nice Able Holdings Limited;
- (k) the three deeds of amendment each dated 18 September 2020 entered into between the Company and Goodco in relation to the proposed alterations of certain terms of the three convertible notes issued by the Company to Goodco on 11 May 2017, 26 September 2017 and 28 August 2019 respectively (as from time to time amended);

- (l) the sale and purchase agreement dated 5 November 2020 entered into between Easyknit as purchaser and the Company as vendor in relation to the sale and purchase of the entire issued share capital of Above Ace and Success Edge (wholly-owned subsidiaries of the Company) and the shareholders' loans owing by Above Ace and Success Edge to the Company, as supplemented by a supplemental agreement dated 9 November 2020; and
- (m) the Agreement.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice contained in this circular:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Knight Frank	Independent Professional Valuer

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 2020 (being the date to which the latest published audited consolidated 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 written consents to the issue of this circular with the inclusion of their letters and the references to their names in the forms and context in which they appears.

9. 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 text of this circular shall prevail over the Chinese text to the extent of any inconsistency.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents will be 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 for the period of 14 days commencing from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the three (3) years ended 31 March 2018, 2019 and 2020 and the interim report of the Company for the six (6) months ended 30 September 2020;
- (c) the written consents referred to in the paragraph headed "Experts and Consents" of this appendix;
- (d) the material contracts referred to in the paragraph headed "Material Contracts" of this appendix;
- (e) the letter from ZHONGHUI ANDA CPA Limited, the reporting accountant, in respect of the accountant's report on unaudited pro forma financial information, the text of which is set out in Appendix II to this circular;
- (f) the valuation report prepared by Knight Frank as set out in Appendix III to this circular;
- (g) the circular(s) issued by the Company since 31 March 2020 pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules; and
- (h) this circular.

NOTICE OF THE SGM



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 (the “**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 on Friday, 19 February 2021 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed, with or without amendment, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the directors of the Company (the “**Directors**”) be and are hereby authorized to effect the disposal (the “**Disposal**”) of the entire interest in all the units of Fung Wah Factorial Building, Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong (the “**Fung Wah Properties**”) owned by the Company and/or its subsidiaries at any public auction of the entire Fung Wah Properties to be held by order of the Lands Tribunal, at or above the reserve price, and the Directors 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 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 or its subsidiary, during the period of twelve (12) months from the date of passing this resolution.”

Yours faithfully,

By Order of the Board

EMINENCE ENTERPRISE LIMITED

Lai Law Kau

Chairman and Chief Executive Officer

Hong Kong, 27 January 2021

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

NOTICE OF THE SGM

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 shareholder of the Company who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to attend on the same occasion. 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 forty-eight (48) hours before the time appointed for holding of the meeting.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint registered holders of any Share, any one of such persons may vote, either personally or by proxy, in respect of such Share as if he was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company (the “**Register of Members**”) in respect of such share shall alone be entitled to vote in respect thereof.
7. For the purpose of determining eligibility to attend and vote at the meeting, the Register of Members will be closed from Tuesday, 16 February 2021 to Friday, 19 February 2021, (both dates inclusive), during which period, no transfers of Shares 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 Thursday, 11 February 2021.

As at the date of this notice, 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 notice shall prevail over the Chinese version.