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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

PROPOSED ISSUE OF CONVERTIBLE NOTE

On 13 July 2016, the Company entered into the conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Note.

On the assumption that the Convertible Note would be converted into Conversion Shares in full at the initial Conversion Price, the Conversion Shares represent approximately 19.90% of the existing issued share capital of the Company and approximately 16.60% of the issue share capital of the company as to be enlarged by the allotment and issue of the Conversion Shares. The net proceeds of the Subscription of approximately HK\$50,000,000 will be applied towards appropriate acquisition and investment opportunities of the Group and the consideration thereof and general working capital of the Group.

SUBSCRIPTION AGREEMENT

On 13 July 2016, the Company entered into the conditional Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Note.

Date: 13 July 2016

Parties: (i) the Company as issuer
(ii) the Subscriber as subscriber

The Subscriber

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holdings.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner is independent third party and not connected persons (as defined under the Listing Rules) of the Company.

The Subscription Price

The subscription price payable by the Subscriber under the Subscription Agreement for the Convertible Note shall be HK\$50,000,000.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarized below:

Principal amount: HK\$50,000,000

Issue price: 100% of the principal amount

Interest: 2% per annum payable on every 6 months

Maturity Date: The third anniversary of the date of issue of the Convertible Note

Redemption: The Company may at any time before the maturity date by written notices to the Subscriber, and with consent of Subscriber, redeem the Convertible Note (in whole or in part) at 100% to the principal amount of the part of the Convertible Notes to be redeemed.

Any amount of the Convertible Note which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the Convertible Note which is redeemed by the Company will be forthwith cancelled.

Transferability: The Convertible Note may be assigned or transferred to any transferee subject to prior notification to the Company. The Convertible Notes may not be assigned or transferred to any connected person of the Company (as defined under the Listing Rules) without prior written consent of the Company.

Conversion: Provided that (i) any conversion of the Convertible Note does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Noteholder which exercised the conversion rights and (ii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with the Listing Rules and subject to the General Mandate Threshold and the right of the Company to redeem, the Noteholder shall have the right at any time from the date of issue of the Convertible Note up to 3 days prior to the maturity date to convert the whole or part of the outstanding principal amount of the Convertible Note registered in its name into Shares.

Conversion Price: The Convertible Note shall be converted at the Conversion Price. Upon issue of the Convertible Note, the initial Conversion Price will be HK\$0.225 per Conversion Share (subject to adjustments).

The Conversion Price shall be adjusted as provided in the Convertible Note instrument in each of the following cases:

- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;

- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the Convertible Note instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80 per cent. of the market price;
- (v) an issue wholly for cash or for reduction of liabilities being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share (as defined in the Convertible Notes instrument) initially receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price;
- (vi) an issue being made by the Company wholly for cash or for reduction of liabilities of Shares at a price per Share less than 80 per cent. of the market price;
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the Convertible Notes instrument) less than 80 per cent. of the market price; and
- (viii) an issue wholly made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares for the acquisition of asset, if in any case the total effective consideration per Share (as defined in the Convertible Note instrument) initially receivable for such securities is less than 80 per cent. of the market price.

The maximum number of Conversion Shares issuable upon conversion of the Convertible Note shall be subject to the threshold of 223,321,967 Shares (subject to consolidation or subdivision) or such number of Shares which may be permissible to be issued under the General Mandate (the “**General Mandate Threshold**”). If there is any adjustment event occurred which leads to the number of Conversion Shares issuable under the Convertible Notes to exceed the General Mandate Threshold, then the Subscriber shall be entitled to

convert the Convertible Note into such number of Conversion Shares subject to the General Mandate Threshold based on the adjusted Conversion Price and any outstanding remaining principal amount of the Convertible Notes shall be redeemed by the Company on the maturity date in accordance with the terms herein.

Voting Rights The holder of the Convertible Note will not be entitled to attend or vote at any general meetings of the Company by reason only of it being the holder of the Convertible Note.

Ranking: The payment obligations of the Company under the Convertible Note shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The Conversion Shares issued upon conversion of the Convertible Note will in all respects rank pari passu with the Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

Listing: The Convertible Note will not be listed on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Based on the initial Conversion Price of HK\$0.225 per Conversion Share, a maximum number of 222,222,222 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Notes in full, which represent: (i) approximately 19.90% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.60% of the issued share capital of the Company as to be enlarged by the allotment and issue of the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Note in full.

The Conversion Shares will rank pari passu in all respects with the Shares in issue as at the date of allotment and issue of the Conversion Shares.

Conversion Price and Exercise Price

The initial Conversion Price of HK\$0.225 per Conversion Share represents:

- (i) a premium of approximately 1.35% over the closing price of HK\$0.222 per Share as quoted on the Stock Exchange on 13 July 2016, being the date of the Subscription Agreement; and
- (ii) a premium of approximately 0.536% over the average of the closing prices of HK\$0.2238 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including 13 July 2016.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Note are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The subscription price of HK\$50,000,000 for the Convertible Note shall be settled by the Subscriber in cash upon completion.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the General Mandate at the extraordinary general meeting of the Company held on 7 January 2016 subject to the threshold of 223,321,967 Shares (representing approximately 20% of the number of Shares of the Company in issue as at 7 January 2016) (the "**General Mandate Threshold**"). Immediately before the date of the Subscription Agreement, the General Mandate has not been utilized. On the initial conversion price of HK\$0.225 per Conversion Shares, 222,222,222 Conversion Shares will be allotted and issued upon full exercise of the conversion rights attaching to the Convertible Note, which will utilise about 19.90% of the General Mandate.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares;
- (ii) all the necessary consents and approvals required to be obtained by the Company in respect of the Subscription having been obtained; and
- (iii) all the necessary consents and approvals required to be obtained by the Subscriber in respect of the Subscription having been obtained.

Completion of the Subscription

Completion of the Subscription will take place on the third business days after the conditions of the Subscription are fulfilled (or such other date as may be agreed between the parties).

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Note on the Stock Exchange or any other stock exchange.

REASONS FOR THE SUBSCRIPTION AGREEMENT

The Group is principally engaged in property investment, property development, securities investment and loan financing business.

The Directors consider that the issue of the Convertible Note is an appropriate means of raising additional capital for the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

The net proceeds of the Subscription of approximately HK\$50,000,000 will be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms and conditions of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned. The Directors also consider that the Subscription will strengthen the financial position of the Group.

CHANGES IN THE SHAREHOLDING STRUCTURE

Under the scenarios of (1) the conversion rights attaching to the outstanding 2014 Convertible Note and 2015 Convertible Note are not exercised; and (2) full exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue of the Conversion Shares as a result of the full conversion of the Convertible Note at the initial Conversion Price:

Scenario 1

No exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note

	As at the date of this announcement <i>(note)</i>		Upon full conversion of Convertible Note at the initial Conversion Price <i>(note)</i>	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholders				
<i>Landmark Profits</i>	93,549,498	8.38	93,549,498	6.99
<i>Goodco</i>				
- Ordinary Shares	363,781,194	32.58	363,781,194	27.17
Sub-total	457,330,692	40.96	457,330,062	34.16
The Subscriber	0	0	222,222,222	16.60
Public Shareholders	659,279,145	59.04	659,279,145	49.24
Total	1,116,609,837	100.00	1,338,832,059	100.00

Note:

The figures are derived based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of 222,222,222 Conversion Shares to the Subscriber, there will be no change in the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights.

Scenario 2:**Full exercise of the outstanding 2014 Convertible Note and 2015 Convertible Note**

	As at the date of this announcement <i>(Note 1)</i>		Upon full conversion of Convertible Note at the initial Conversion Price <i>(Note 1)</i>	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholders				
<i>Landmark Profits</i>	93,549,498	6.79	93,549,498	5.85
<i>Goodco</i>				
- Ordinary Shares	363,781,194	26.40	363,781,194	22.73
- Underlying shares of the outstanding 2014 Convertible Note <i>(note 2)</i>	880,281	0.06	880,281	0.05
Sub-total	<hr/> 458,210,973	33.25	<hr/> 458,210,973	28.64
Public				
- Holder of 2015 Convertible Note <i>(note 3)</i>	260,606,060	18.91	260,606,060	16.28
- Subscriber	0	0	222,222,222	13.89
- Other public Shareholders	<hr/> 659,279,145	47.84	<hr/> 659,279,145	41.20
Total	<hr/> <hr/> 1,378,096,178	100.00	<hr/> <hr/> 1,600,318,400	100.00

Notes:

1. The figures are derived based on the existing shareholding structure of the Company and the assumption that save for (i) the allotment and issue of 222,222,222 Conversion Shares to the Subscriber; and (ii) 880,281 conversion shares to be issued upon the full exercise of the conversion rights attaching to the 2014 Convertible Note at the prevailing conversion price of HK\$22.72 per conversion share, and (iii) 260,606,060 conversion shares to be issued upon the full exercise of the conversion rights attaching to the 2015 Convertible Note at the prevailing conversion price of HK\$0.33 per conversion share, there will be no change in the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the Conversion Rights.
2. Pursuant to the terms of the 2014 Convertible Note, Goodco may convert at any time within the five-year period commencing from 27 March 2014.
3. Pursuant to the terms of the 2015 Convertible Note, Madian Star Limited may convert at any time within the 2-year period commencing from 12 June 2015.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Fund-raising activities	Net proceeds raised (approximate)	Intended use of net proceeds	Actual use of net proceeds (approximate)
6 August 2015	Rights issue of 1,063,437,940 new Shares	HK\$505 million	<p>(a) 240 million for the purchase of the sale shares and sale loan of the properties group</p> <p>(b) 139 million for the repayment of bank loan</p> <p>(c) 30 million for the acquisition of the remaining unit at ground floor of No.11 Matheson Street, Causeway Bay, Hong Kong, or potential property investment</p> <p>(d) 70 million for the segments of investment of listed securities and loan financing</p> <p>(e) \$26 million as general working capital</p>	<p>(a) fully applied for the purchase of the sale shares and sale loan of the properties group</p> <p>(b) fully applied for repayment of bank loan</p> <p>(c) not yet utilised</p> <p>(d) Fully applied for: (i) HK\$24.5 million for investment of listed securities (ii) HK\$45.5 million for loan financing</p> <p>(e) a total of 26 million has been utilised:- (i) HK\$10.3 million for settlement of trade payable (ii) HK\$2.0 million for daily operating expenses (iii) HK\$13.7million for repayment of bank loans and finance cost</p>

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

DEFINITIONS

In this announcement, unless the context otherwise required, the following words and phrases have the following meanings:

“2014 Convertible Note”	the 2% per annum coupon rate convertible note issued by the Company on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert Shares on the basis of a prevailing conversion price of HK\$10.65 per EE Share (subject to adjustment), of which HK\$80,000,000 has already been converted
“2015 Convertible Note”	the 2% per annum coupon rate convertible note issued by the Company on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 conferring rights to convert Shares on the basis of a prevailing conversion price of HK\$0.33 per Share (subject to adjustment),
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to this terms under the Listing Rules
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$0.225 per Conversion Share (subject to adjustments)
“Conversion Shares”	the Shares to be allotted and issued upon conversion of the Convertible Note
“Convertible Note”	the 3-year 2% coupon unlisted Convertible Note in principal amount of HK\$50,000,000 to be issued by the Company in accordance with the terms of the Subscription Agreement
“Directors”	directors of the Company
“Completion”	Completion of the issue and subscription of the Convertible Note pursuant to the Subscription Agreement
“General Mandate”	the mandate was approved by the independent Shareholders of the Company on 7 January 2016, pursuant to which a maximum of 223,321,967 new Shares may fall to be allotted and issued

“Goodco”	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International Holdings Limited, being a substantial shareholder of the Company (as defined in the Listing Rules)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Easyknit International Holdings Limited, being a substantial shareholder of the Company (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Noteholder”	the holder of the Convertible Note
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Able Merchant Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription for the Convertible Note by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 13 July 2016 and entered into between the Company and the Subscriber in respect of the Subscription
“substantial shareholder(s)”	the meaning ascribed to it under the Listing Rules
“%”	percentage

By Order of the Board
EMINENCE ENTERPRISE LIMITED
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

Hong Kong, 13 July 2016

As at the date hereof, the Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors, Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.