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

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

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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

**MAJOR TRANSACTION
ACQUISITION OF SALE SHARE AND SALE LOAN
AND
NOTICE OF SPECIAL GENERAL MEETING**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular.

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 1 August 2016 at 9:10 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 the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM. 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 (as the case may be) should you so wish and in such case, the form of proxy shall be deemed to be revoked.

15 July 2016

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DEFINITIONS

In this circular, unless the contents otherwise requires, the following expressions have the meanings as set out below.

“Acquisition”	the proposed acquisition of the Sale Share and Sale Loan by Skill Master subject to the terms and conditions of the Agreement
“Agreements”	an agreement dated 13 June 2016 and the Supplemental Agreement entered into between Skill Master and the Seller for the sale and purchase of Sale Share
“Announcements”	the Company’s announcements dated 13 June 2016 and 13 July 2016 respectively
“AP common part”	adverse possession of a space underneath the common staircase on ground floor of the Building by a Property Vendor under the Judgement DCCJ 1459 of 2014
“associates”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Building”	the building is known as Fung Wah Factorial Building which is situated at No. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong with a total of 31 units and an AP common part
“Company”	Eminence Enterprise Limited (高山企業有限公司), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of Sale Share and Sale Loan
“Completion Date”	the date fixed for completion of the Agreement, which is expected to be on 5 August 2016, or such other dates the parties may agree in writing
“Consideration”	the aggregate consideration of HK\$51,981,900 includes the amount of HK\$18,549,908 to acquire the Sale Share and the amount of HK\$33,431,992 to acquire the Sale Loan payable by Skill Master to the Seller under the Agreement

DEFINITIONS

“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group immediately after completion of the Acquisition
“GI Property”	Unit B, 1/F of the Building
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Latest Practicable Date”	13 July 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	as defined in the Listing Rules
“Ordinance”	the Land (Compulsory Sale for Redevelopment) Ordinance, Cap 545, Laws of Hong Kong
“percentage ratios”	the meaning ascribed thereto in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Properties”	20 units of the Building which are: <ol style="list-style-type: none">(1) Units C and D of 1st Floor; and(2) Units A, B and C of 2nd Floor; and(3) Units A, B, C and D of 3rd Floor; and(4) Units A, C and D of 4th Floor; and(5) Units B, C and D of 5th Floor; and(6) Unit A and roof A, Unit B and roof B, Unit C and roof C, and Unit D and roof D of 6th floor; and(7) AP common part

DEFINITIONS

“Property Purchase Agreement(s)”	the 20 provisional agreements and its formal sale and purchase agreements entered into between TAI and each of the Property Vendor(s) in relation to the sale and purchase of the respective Properties
“Property Vendors”	the respective vendor(s) of each Property Purchase Agreements(s), each of which are Independent Third Party and the ultimate beneficial owners of each Property Vendors is third party, independent of the Company and its connected person
“Remaining Units”	12 units of the Building which are: <ol style="list-style-type: none">(1) Units A1, A2, B1, B2, C1, C2 and D of Ground Floor; and(2) Units A and B of 1st Floor; and(3) Unit D of 2nd Floor; and(4) Unit B of 4th Floor; and(5) Units A of 5th Floor of the building
“Sale Loan”	the entire amount of the shareholder’s loan of HK\$33,431,992 owing by TAI to the Seller as at the Completion Date
“Sale Share”	the one ordinary share of US\$1.00 in the share capital of TAI, which has been issued and fully paid up and which represents the entire issued share capital of TAI at completion
“Seller”	Mr. Ng Kwai Tung, an individual person who is an Independent Third Party, a self-employed property agent
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Skill Master”	Skill Master Investments Limited, the purchaser of the Agreement and the Supplemental Agreement, a limited company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of the Company
“sq.ft.”	square feet
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Supplemental Agreement”	a supplemental agreement dated 20 June 2016 entered into between Skill Master and the Seller to revise the terms of the Agreement to reflect two more units have been purchased
“TAI”	Treasure Arts International Group Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the Seller

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. Kwong Jimmy Cheung Tim
(Chairman and Chief Executive Officer)
Ms. Lui Yuk Chu
(Deputy Chairman)
Ms. Koon Ho Yan Candy

Non-executive Directors:

Mr. Tse Wing Chiu Ricky
Mr. Lai Law Kau

Independent Non-executive Directors:

Mr. Kan Ka Hon
Mr. Lau Sin Hing
Mr. Foo Tak Ching

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

15 July 2016

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF SALE SHARE AND SALE LOAN

INTRODUCTION

Reference was made to the Announcements. The Directors announced that the Agreements were entered into between Skill Master, a direct wholly-owned subsidiary of the Company, as purchaser with the Seller on 13 June 2016 and 20 June 2016 respectively, pursuant to which, amongst other things, Skill Master conditionally agreed to acquire, and the Seller agreed to sell the Sale Share and the Sale Loan at a total consideration of HK\$51,981,900. The Sale Share represents 100% equity interest in TAI whilst the Sale Loan represents the entire amount of shareholder's loan owing by TAI to the Seller as at the Completion Date.

TAI is the purchaser under the Property Purchase Agreements. As at the Latest Practicable Date, the acquisition of TAI will enable the Group to acquire the Properties, which represents 19 units and a AP common part out of the 32 units in the Building.

The Properties represent approximately 63.33% of the undivided shares of the Building; and when aggregate with the GI Property, the Group shall have 66.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Ordinance). The Group intends to acquire the Remaining Units so as to be the owner of the whole Building and may contemplate to redevelop if and when the Directors consider market sentiment to be appropriate.

LETTER FROM THE BOARD

As the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition exceed 25% but are less than 100%, the Acquisition constitutes a major transaction under Rule 14.06(3) of the Listing Rules, and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

The purpose of this circular is to provide you (i) details of the Acquisition; (ii) financial information of the Group; (iii) accountants' report on TAI; (iv) unaudited pro forma statement of assets and liabilities of the Enlarged Group; (v) independent property valuation report of the Properties; and (vi) a notice of SGM.

PRINCIPAL TERMS OF THE AGREEMENT AND SUPPLEMENTAL AGREEMENT

Date : 13 June 2016 and 20 June 2016

Purchaser : Skill Master

Seller : Mr. Ng, an individual person who is the legal and beneficial owner of the entire issued share capital of the TAI, being the Seller

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party. Prior to the Agreement, there were no arrangements between the Company and the Seller in relation to the Property Purchase Agreements.

Assets to be acquired

Pursuant to the Agreement, amongst other things, Skill Master has conditionally agreed to acquire from the Seller the Sale Share, representing the entire issued share capital of TAI, and the Sale Loan.

TAI is legally and beneficially interested in the Properties which is a non-residential building located at Nos. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong with a total saleable area of approximately 31,978 sq.ft. Upon completion of the Acquisition, TAI will become a wholly-owned subsidiary of the Company.

Condition Precedent

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

1. the Agreement and the transactions contemplated herein duly approved by the shareholders' meeting of the Company in accordance with the Listing Rules;
2. a due diligence review being carried out on TAI by, and having been completed to the satisfaction of, Skill Master in its sole discretion;
3. no event having occurred which in the reasonable opinion of the Purchaser could be construed as being capable of preventing completion of the Property Purchase Agreements, or which could frustrate or make illegal or impossible the completion of the Property Purchase Agreements or make any of them unenforceable; and

LETTER FROM THE BOARD

4. the warranties provided by the Seller under the Agreement remain true and accurate in all respects.

Consideration of Acquisition

The consideration for the Sale Share and the Sale Loan is HK\$18,549,908 and HK\$33,431,992 respectively amounted to a total of HK\$51,981,900; and shall be paid in cash as follows:

1. the deposit in the sum of HK\$38,082,500 was paid to the Seller upon the signing of the Agreements;
2. further deposit in the sum of HK\$5,655,000 was paid to the Seller upon the signing of the Supplemental Agreement; and
3. the balance of HK\$8,244,400 shall be paid to the Seller upon Completion.

The consideration of HK\$51,981,900 was determined after arm's length negotiations between Skill Master and the Seller; and Skill Master has been taken into account of the factors including but without limitation to the:

1. 3 types of valuation as mentioned in the valuation report in the Appendix IV to the circular:
 - (i) market value in the existing state of the Properties for HK\$150,000,000 ("**ES Valuation**");
 - (ii) redevelopment site value of the Building's site for HK\$580,000,000 ("**RD Valuation**");
 - (iii) redevelopment site value of the Properties for HK\$367,300,000 ("**APD Valuation**");

The APD Valuation refers to the calculation of the valuation on the Properties to the whole Building, ie. the Properties hold 38/60th undivided shares of whole of the Building and the AP common part which apportioned the value of HK\$367.3 million to the HK\$580 million.

2. the unit prices of the comparables in the same locality which have similar characteristic as the Properties which range from HK\$3,439 per sq.ft to HK\$6,761 per sq.ft; and the overall average unit rate is HK\$4,222 per sq.ft;
3. the favourable location of the Properties which is at a high traffic location with subway, MTR stations, commercial and industrial office, shopping malls, retail outlets and different types of restaurants;
4. the market practice of the commission rate is about 10% of the acquisition cost; and
5. the future development potential to be a high rise composite building.

LETTER FROM THE BOARD

The Directors have taken into account the above factors and with reference to the purchase prices in the recent properties transaction records in the Properties' location, the Company noted that the purchase price are in the trend of redevelopment value and therefore in the opinion of the Directors, the redevelopment value of the Properties reflects the existing market conditions and the real market value of the Properties.

The Group will fund the Acquisition from internal resources of the Group.

Acquisition of the Properties by TAI

During the period from 6 May 2016 to 17 June 2016, TAI entered into the 20 Property Purchase Agreement for the acquisition of a total 19 units and a AP common part with 20 different Property Vendors.

Details of the Property Purchase Agreements

	Unit	Date of preliminary sale and purchase agreement	Date of formal sale and purchase agreement	Undivided Shares
1	C, 1/F	2016/05/17	2016/06/04	2/60
2	D, 1/F	2016/06/17	2016/06/27	2/60
3	A, 2/F	2016/05/06	2016/05/18	2/60
	B, 2/F	2016/05/06	2016/05/18	2/60
5	C, 2/F	2016/05/06	2016/05/27	2/60
6	A, 3/F	2016/05/06	2016/05/18	2/60
7	B, 3/F	2016/05/06	2016/05/18	2/60
8	C, 3/F	2016/05/23	2016/06/07	2/60
9	D, 3/F	2016/05/06	2016/06/10	2/60
10	A, 4/F	2016/05/06	2016/05/18	2/60
11	C, 4/F	2016/05/06	2016/05/25	2/60
12	D, 4/F	2016/06/14	2016/06/24	2/60
13	B, 5/F	2016/05/06	2016/05/18	2/60
14	C, 5/F	2016/05/06	2016/05/18	2/60
15	D, 5/F	2016/05/06	2016/05/18	2/60
16	A, 6/F & roof A	2016/05/06	2016/05/23	2/60
17	B, 6/F & roof B	2016/05/06	2016/05/18	2/60
18	C, 6/F & Roof C	2016/05/06	2016/05/18	2/60
19	D, 6/F & Roof D	2016/05/06	2016/05/18	2/60
20	AP common parts	2016/06/08	2016/06/17	2/60

The total consideration of the Property Purchase Agreements is HK\$206,110,000; the total saleable area of the Properties and the roof areas is approximately 41,990 sq.ft and therefore the average purchase cost is approximately HK\$4,990 per sq.ft.

The Directors confirmed that completion of all the Property Purchase Agreements will be on the Completion Date.

LETTER FROM THE BOARD

10 of the Properties are subject to the tenancy agreements that by the terms may still be in force at the latest time for completion of the Property Purchase Agreements. Details of the tenancies are as follows:

Unit	Tenancy Period	Monthly Rental Fees HK\$
1C	01 April 2015 – 31 March 2019	23,000
1D	01 June 2015 – 31 May 2019	23,800
2A – 1	01 April 2015 – 31 May 2017	20,000
2A – 2	27 July 2015 – 26 July 2017	12,000
2B	20 November 2014 – 19 November 2016	20,000
2C	01 October 2014 – 30 September 2017	15,000
3D – 1	01 July 2014 – 31 July 2016	3,500
3D – 2	10 September 2014 – 09 September 2016	5,000
4A	16 May 2015 – 15 May 2016	13,000
AP common part	01 December 2015 – 30 November 2017	10,500

Based on the tenancy agreements, gas, water, telephone and electricity charges were borne by the respective tenants of the Properties. No management fees have to be paid by tenants and landlords. For the year ended 31 March 2016, the government rates and rent levied on the Properties were approximately HK\$58,000 and HK\$69,000 respectively which was borne by the landlords. There is no stamp duty on the tenancy agreements for the year ended 31 March 2016.

The completion of all the Property Purchase Agreements is expected to be on or before 5 August 2016. The total consideration for the acquisition of the Properties under the Property Purchase Agreements is HK\$206,110,000.

TAI has paid a total of HK\$33,432,000 as deposits under the Property Purchase Agreements (representing approximately 16.22% of the total consideration under all the Property Purchase Agreements) to the Property Vendors including HK\$15,357,000 for stamp duty. Upon completion of the Property Purchase Agreements on or before 5 August 2016, TAI will have to pay the balance of the consideration in the sum of HK\$188,035,000 to the Property Vendors. If the Agreement(s) complete on the Completion Date, TAI will then become a wholly-owned subsidiary of the Group. Hence, the Group will be responsible for paying the balance of the purchase price for the properties to the Property Vendors upon completion of the Property Purchase Agreements, through TAI.

As at the Latest Practicable Date and upon the completion of the Property Purchase Agreements on or before 5 August 2016, TAI will have to pay the balance of the consideration in the sum of HK\$188,035,000 to the Property Vendors. If the Agreement completes on the Completion Date, TAI will then become a wholly-owned subsidiary of the Group. Hence, the Group will be responsible for paying the balance of the purchase price for the properties to the Property Vendors upon completion of the Property Purchase Agreements, through TAI.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group's principal businesses are in property investment, property development, securities investment and money lending business.

The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the PRC. Goldchamp International Limited, a wholly-owned subsidiary of the Company, becomes the owner of Unit B, 1/F of the Building on 11 November 2015 ("**GI Property**"). The Group acquired the GI Property from a connected party at an acquisition cost of HK\$6,880,000 and this transaction was approved by the independent Shareholders on 7 October 2015 and completed on 11 November 2015. Details of the transaction is set out in the Company's circular dated 14 September 2015.

The Seller is an experienced property agent and negotiator to negotiate with the owners of the buildings which have the potential for redevelopment purpose and therefore the Seller is only aiming at to re-sell the Properties to the developer on or before the completion of the Property Purchase Agreements, therefore the Seller is no intention to complete the Property Purchase Agreements by himself. The Seller started the negotiation process with the Property Vendors for more than a year and the relationship between the Property Vendors and the Seller is based on the trust in terms of the Property Vendor believes that the Seller shall bargain with the developer for a good and reasonable price to acquire their units in a whole lot, therefore the Property Vendors themselves shall decline other offers provided by other developer and they will only sell the Properties to the Seller. The Seller approached the management of the Company directly and made verbal offers to the Company in early January 2016 and the preliminary negotiation between the Company and the Seller commenced in June 2016.

TAI is the purchaser under the Property Purchase Agreements. The acquisition of Sale Share and Sale Loan of TAI will enable the Group to acquire the Properties, which represents about 63.33% of the undivided shares of the Building; and when aggregate them with the GI Property, the Group shall have 66.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Ordinance). The Group intends to acquire the Remaining Units so as to be the owner of the whole Building and may contemplate to redevelop if and when the Directors consider market sentiment to be appropriate.

The Directors are optimistic about the prospects of acquiring the whole Building should the completion of the Agreement proceed. The Company will comply with all applicable requirements under the Listing Rules if and when sale and purchase agreements in respect of the Remaining Units are entered into.

As at the Latest Practicable Date, negotiations with the owners of the Remaining Units, Independent Third Parties, are ongoing. The Board is planning to acquire certain units of the Remaining Units which when aggregated with the Acquisition shall lead to the Group owning not less than 80% of the undivided shares of the Building and the Company and the Building exceeds 50 years of age which the Company is be entitled to file an application to the Lands Tribunal under the Ordinance for an order to sell all the undivided shares in the Building for the purposes of redevelopment.

LETTER FROM THE BOARD

The Ordinance provides, in summary, that the person or persons who own not less than 80% of the undivided shares in a lot (“**Majority Owner**”) may make an application to the Lands Tribunal, accompanied by a valuation report (prepared not earlier than 3 months before the date of the application), for an order to sell the undivided shares in the lot for redevelopment purposes (the “**Sale Order**”). The Lands Tribunal determines the application by hearing the objection of the minority owners (if any) in respect of the value of any property assessed, or in the case where the minority owners cannot be found, requiring the Majority Owner to satisfy the Lands Tribunal that the value of the minority owner’s property is not less than fair and reasonable. The Lands Tribunal must also be satisfied, among other things, that the development of the lot is justified and the Majority Owner has taken reasonable steps to acquire all the undivided shares in the lot including negotiating for the purchase of such of those shares as are owned by minority owners on terms that are fair and reasonable, before it makes the Sale Order.

Under section 5(1) of the Ordinance, where a Sale Order is granted, the lot shall be sold by (a) public auction, or (b) by other means agreed in writing by each minority owner and Majority Owner of the lot and approved by the Lands Tribunal. Section 5(5) of the Redevelopment Ordinance requires that if the lot is to be sold by auction, it shall be sold to the highest bidder at the auction. It is stated in section 5(5)(b) of the Ordinance that nothing in the Ordinance shall operate to prevent the Majority Owner or the minority owner from being the purchaser of the lot.

Where the Majority Owner is the purchaser of the lot, under section 6 of the Ordinance, it is not required to pay the full purchase price for the lot to the trustees, but to pay not less than the proportion of the amount that the trustees calculate is necessary for it to purchase all the undivided shares in the lot not already owned by it.

The Acquisition shall pave way for the Group to redevelop the site of the Building.

Pursuant to the valuation report in Appendix IV, the valuer has identified and analyzed various relevant market information in the locality which have similar characteristic as the Properties. The unit prices of those comparables range from HK\$3,439 per sq.ft. to HK\$6,761 per sq.ft. The overall average unit rate adopted is HK\$4,222 sq.ft. For the Properties, the average purchase cost is HK\$4,990 per sq.ft. which is within the range of the comparables and have also taken in to account of its location and its redevelopment value, therefore the Directors believes that the Consideration of the Acquisition and the transactions contemplated herein is in the interests of the Group and is on normal commercial terms, which are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

Earnings

As rental income will be generated from the Properties, based on the rental income generated for the year ended 31 March 2016, the acquisition of TAI and the Properties will generate approximately HK\$1,643,000 on the Group’s earnings on rental income.

LETTER FROM THE BOARD

Assets and Liabilities

Based on the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix III of this circular, the effect of the Acquisition is that (i) the deposits paid for properties held for development by the Group will increase by approximately HK\$52,617,000 and (ii) the cash reserve will decrease by approximately HK\$52,617,000. The Acquisition will have no potential effect on the Group's liabilities because the Group will only utilize its internal resources for the expenses and costs incurred in the Acquisition and the purchase of the Properties.

The Directors are of the view that the Acquisition and the purchase of the Properties by TAI as a whole is in the interest of the Group and is on normal commercial terms, which are fair and reasonable and in the interest of the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution approving the Acquisition in the forthcoming special general meeting.

INFORMATION ON TAI

TAI was incorporated in the British Virgin Islands on 15 December 2015 and have never carried on any business save for entering into the Property Purchase Agreements. Accordingly, from the date of incorporation of TAI up until the date of the Agreement, there are no profits attributable to TAI. The net asset value of TAI as at 13 June 2016 is HK\$8.00.

Its material assets are the 20 Property Purchase Agreements, the paid deposits and stamp duty and its rights under the Property Purchase Agreements. The liability of TAI consist of a debt (owed to the Seller) of HK\$33,431,992 and its liabilities under the Property Purchase Agreements.

INFORMATION ON THE COMPANY AND THE PURCHASER

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

The Purchaser is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company.

SGM

The Acquisition constitutes a major transaction for the Company under the Listing Rules, for which Shareholders' approval is required. At present, no Shareholder is required to abstain from voting on the approval of the Acquisition.

A notice convening the SGM to be held on Monday, 1 August 2016 at 9:10 a.m. at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Acquisition is set out on pages N-1 to N-2 of this circular.

Whether or not Shareholders are able to attend the meeting, they are requested to complete 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form or proxy will not preclude the Shareholders from subsequently attending and voting in person at the SGM or any adjournment thereof should they so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers that the terms of the Agreement and the Supplemental Agreement are fair and reasonable and in the interest of the Company and Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition and matters ancillary thereto as set out in the notice of SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices of this circular.

Yours faithfully,
For and on behalf of
EMINENCE ENTERPRISE LIMITED
Kwong Jimmy Cheung Tim
Chairman and Chief Executive Officer

1. FINANCIAL SUMMARY OF THE GROUP

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

For the year ended	Publication date of annual report	Pages
31 March 2016	15 July 2016	61 – 157
31 March 2015 <i>(http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2014-Annual-Report.pdf)</i>	21 July 2015	60 – 145
31 March 2014 <i>(http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2013-Annual-Report.pdf)</i>	09 July 2014	52 – 146

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Acquisition and the present available financial resources, its expected internally generated funds and the present available banking facilities of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 31 May 2016, being the latest practicable date for ascertaining the information prior to the printing of this circular, the Group has outstanding bank borrowings of approximately HK\$99.3 million, which was guaranteed by the Company and were secured by certain investment properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 May 2016 any debt securities authorised or created by 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.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

As mentioned in the annual report of the Company for the year ended 31 March 2016, the China economy had been grown at a slower rate than the government target of 7% in 2015, the continuous sliding of the Chinese and Hong Kong stock markets in the past months, the financial uncertainties about the pace of increase in interest rates in the United States and the instabilities in the European economy, which are expected to cloud the global economic outlook. As Hong Kong's economic performance hinges on global economic and financial conditions, these uncertain factors may affect property market sentiment in the months ahead. However, we expect the market to remain buoyant with more projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

The Group will continue to closely monitor market changes, continue to adhere to its principle of steady development and endeavor to improve the development of the Project Inverness so as to increase the asset turnover rate. Meanwhile, the Group strives to improve the debt structure, adjust the project's management system in respect of management models and construction cost in order to enhance the profitability of the Group.

The turnover of the garment and sourcing export businesses continues decreasing due to the transferring of customer orders, shrinking profit margins and declining sales, the Board is now further evaluating this business segment and shall take appropriate action.

For the Project Matheson, it is now in the mediation process with the owner of the remaining unit in the Land (Compulsory Sale for Redevelopment) Ordinance; and the Sale order may be granted by the court in about September 2016. For the Project Inverness, the foundation works has commenced and to be completed in September 2016; and it is expected to be launched in the year 2018.

For the securities investment business, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company. The Company shall make suitable investment decisions which broadens and diversifies its investment portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks.

Looking forward to 2016/17, the Group shall emphasize the business segments of property development and securities investment; and to explore further quality investment opportunities to enhance its shareholders wealth.

5. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, the date to which the latest published audited financial statements of the Company were made up.

6. MANAGEMENT DISCUSSION AND ANALYSIS ON TAI

TAI is an investment holding company and has no material financial interest other than investment in the Properties and has not commenced any business operation since its incorporation on 15 December 2015. Set out below is the management discussion and analysis on TAI for the period from 15 December 2015 (date of incorporation) to 30 June 2016 (the "Period").

Financial and Business Review

TAI had been principally engaged in investment holding during the Period. There are no profits attributable to TAI.

Capital Structure, Financial Resources and Liquidity

The net asset value of TAI as at 30 June 2016 is HK\$8 and its material assets are the Property Purchase Agreements, the deposits paid and the rights under the Property Purchase Agreements. The non-current asset was HK\$33,432,000 which consisted of deposits paid under

the Property Purchase Agreements and stamp duty paid. The current liability of TAI consists of a shareholder's loan of HK\$33,431,992. TAI financed its operation mainly by loans from its sole shareholder. All loans are unsecured and interest free.

Business Strategies and Future Prospects

Other than investment in the Properties, TAI has no any material future prospects.

Other Financial Information of TAI***Capital commitment***

TAI did not have any significant capital commitment other than the commitment under the Property Purchase Agreements.

Significant Investments

Save as the investment in Properties, there was no significant investment held by TAI during the Period.

Acquisition or Disposal of Subsidiary

TAI had no acquisition or disposal of subsidiary during the Period.

Employees and Staff Policy

TAI is an investment holding company and had no employee during the Period.

Pledge of Assets

As at 30 June 2016, TAI has no pledged assets.

Future Plans for Material Investments or Capital Assets

As at 30 June 2016, save as disclosed in the investment of Properties, TAI has no plans for material investments or capital assets.

Gearing Ratio

As at 30 June 2016, the gearing ratio of TAI expressed in total bank borrowings as a percentage of net assets was nil%.

Foreign Exchange Exposure

During the Period, the business operation of TAI is in Hong Kong, therefore TAI has minimal exposure to foreign exchange and there are no significant amounts of foreign currency denominated monetary assets and liabilities other than HK\$.

Contingent Liabilities

As at 30 June 2016, TAI did not have any significant contingent liabilities.

15 July 2016

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,

We set out below our report on the financial information relating to Treasure Arts International Group Limited (the “Target Company”) including the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 15 December 2015 (date of incorporation) to 30 June 2016 (the “Relevant Period”), and the statement of financial position as at 30 June 2016 together with the notes thereto (the “Financial Information”) for inclusion in the circular of Eminence Enterprise Limited (the “Company”) dated 15 July 2016 in connection with the Company’s proposed acquisition of the entire issued share capital of the Target Company (the “Circular”).

The Target Company was incorporated in the British Virgin Islands on 15 December 2015 with limited liability and is principally engaged in property investment. The registered office of the Target Company is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

No statutory audited financial statements of the Target Company for the Relevant Period have been prepared as it was newly incorporated since 15 December 2015 and there are no statutory audit requirements under the relevant rules and regulations in the British Virgin Islands. For the purpose of this report, the sole director of the Target Company has prepared the financial statements (“Underlying Financial Statements”) for the Relevant Period in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). We have undertaken an independent audit of the financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of the Target Company for the Relevant Period set out in this report has been prepared based on the Underlying Financial Statements for the purpose of preparing a report for inclusion in the Circular. No adjustments were considered necessary to adjust the Underlying Financial Statements in preparing our report for inclusion in the Circular.

DIRECTOR’S RESPONSIBILITY

The sole director of the Target Company is responsible for the contents of the Circular including the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by HKICPA, the applicable disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and for such internal control as the sole director of the Target Company determines is necessary to enable the preparation of the Underlying Financial Statements that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANT'S RESPONSIBILITY

Our responsibility is to compile the Financial Information set out in this report from the Underlying Financial Statements and to report our opinion to you.

We have examined the Underlying Financial Statements of the Target Company and carried out appropriate procedures as we considered necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. We have not audited any financial statements of the Target Company in respect of any period subsequent to 30 June 2016.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, the Financial Information, for the purpose of this report and on the basis of presentation set out below, gives a true and fair view of the affairs of the Target Company as at 30 June 2016 and of its results and cash flows for the Relevant Period in accordance with HKFRSs.

I. FINANCIAL INFORMATION

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 15 December 2015 (date of incorporation) to 30 June 2016

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	<i>Notes</i>	<i>HK\$</i>
ASSETS AND LIABILITIES		
NON-CURRENT ASSET		
Deposits and capitalised expenses paid for acquisition of investment properties		<u>33,432,000</u>
		<u>33,432,000</u>
CURRENT LIABILITY		
Amount due to the sole director/shareholder	<i>12</i>	<u>(33,431,992)</u>
NET CURRENT LIABILITIES		<u>(33,431,992)</u>
NET ASSETS		<u><u>8</u></u>
EQUITY		
Share capital	<i>13</i>	8
Retained earnings/accumulated losses		<u>–</u>
TOTAL EQUITY		<u><u>8</u></u>

STATEMENT OF CHANGES IN EQUITY

Period from 15 December 2015 (date of incorporation) to 30 June 2016

	Share capital <i>HK\$</i>	Retained earnings/ accumulated losses <i>HK\$</i>	Total <i>HK\$</i>
Issuance of one ordinary share of US\$1.00 – <i>Note 13</i>	8	–	8
Total comprehensive income for the Relevant Period	–	–	–
Balance at 30 June 2016	<u>8</u>	<u>–</u>	<u>8</u>

STATEMENT OF CASH FLOWS

Period from 15 December 2015 (date of incorporation) to 30 June 2016

	<i>Note</i>	<i>HK\$</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/loss before taxation	8	–
Adjustment		–
		<hr/>
Operating profit/loss before movements in working capital and cash generated from/used in operations		–
Income tax paid		–
		<hr/>
NET CASH FROM/USED IN OPERATING ACTIVITIES		–
		<hr/>
CASH FLOWS FROM INVESTING ACTIVITY		
Deposits and capitalised expenses paid for acquisition of investment properties		(33,432,000)
		<hr/>
NET CASH USED IN INVESTING ACTIVITY		(33,432,000)
		<hr/>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds on issue of one ordinary share		8
Advance from the sole director/shareholder		33,431,992
		<hr/>
NET CASH FROM FINANCING ACTIVITIES		33,432,000
		<hr/>
NET INCREASE IN CASH AND CASH EQUIVALENTS		–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE RELEVANT PERIOD		
		–
		<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE RELEVANT PERIOD		
		–
		<hr/> <hr/>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances		–
		<hr/> <hr/>

II. NOTES ON THE FINANCIAL INFORMATION

1. GENERAL

The Target Company is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. During the Relevant Period, the principal activity of the Target Company is property investment.

The Financial Information are presented in Hong Kong dollars (“HK\$” or “HKD”), which is the same as the functional and presentation currency of the Target Company.

2. BASIS OF PREPARATION OF FINANCIAL INFORMATION

As Eminence Enterprise Limited has agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future for and up to the date of the completion of the major transaction and for the coming twelve months from 30 June 2016, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in foreseeable future and be able to operate on a going concern basis. Accordingly, the Underlying Financial Statements have been prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ²
HKFRS 16	Leases ³

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under historical cost basis and in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance (Cap. 622). Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

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

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

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

The principal accounting policies adopted are set out below:

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Borrowing costs

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

Foreign currencies

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the Relevant Period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the Relevant Period.

Taxation

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

Current tax

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

Deferred tax

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

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

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

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

For the purpose of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax for the Relevant Period

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

Financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

The Target Company's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including bank balance) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the Relevant Period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of impairment loss is recognised as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Target Company has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment

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

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Leasing

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

The Target Company as lessor

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

Related parties

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

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

or

- (2) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Target Company are members of the same group;
 - (ii) one entity is an associate or a joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Target Company are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Target Company consists of net debts, which includes the amount due the sole director/shareholder as disclosed in note 12 and equity attributable to owners of the Target Company.

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

Further, the existing shareholder of the Target Company and Eminence Enterprise Limited, the holding company of the new shareholder, SMIL (as defined in note 15 on the Financial Information) confirmed their willingness to provide sufficient cash and equity support to meet the daily operation requirements to maintain the Target Company as a going concern for the coming twelve months from 30 June 2016.

FINANCIAL INSTRUMENTS

Categories of financial instruments

HK\$

Financial liabilities

Amortised cost

Amount due to the sole director/shareholder	33,431,992
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Financial risk management objectives and policies

The Target Company's major financial instrument includes the amount due to the sole director/shareholder. Details of such financial instrument are disclosed in note 12 on the Financial Information. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Liquidity risk

The Target Company relies on the sole director/shareholder as a significant source of liquidity. Eminence Enterprise Limited has agreed to continuously provide adequate funds for the Target Company to meet in full its financial obligations as they fall due for the foreseeable future for and up to the date of the completion of the major transaction and for the coming twelve months from 30 June 2016, the sole director of the Target Company is confident that the Target Company will be able to meet its financial obligations when they fall due in the foreseeable future and be able to operate on a going concern basis.

Fair value

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

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

7. TURNOVER

The Target Company has no turnover during the Relevant Period.

8. PROFIT/LOSS BEFORE TAXATION

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

9. DIRECTOR'S REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES**(i) Director's remuneration**

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

(ii) Employees' remuneration

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

10. TAXATION

No provision for taxation has been made as the Target Company had no revenue earned during the Relevant Period. No provision for deferred taxation has been made as the amount involved is insignificant.

11. BASIC PROFIT/LOSS PER SHARE

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

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

12. AMOUNT DUE TO THE SOLE DIRECTOR/SHAREHOLDER

The amount due to the sole director/shareholder is unsecured and interest-free. As mentioned in note 15 on the Financial Information, the loan is to be disposed to the new shareholder, the new shareholder and the sole director/shareholder confirmed not to demand payment within 12 months after the Relevant Period.

13. SHARE CAPITAL

	30 June 2016 <i>HK\$</i>
Authorised:	
50,000 ordinary shares of US\$1.00 each	390,000
	390,000
Issued and fully paid:	
One ordinary share of US\$1.00 each	8
	8

The Target Company was incorporated on 15 December 2015 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On 30 December 2015, one ordinary share of US\$1.00 was issued at par to the sole member to meet the initial capital requirement. Other than the above, there were no changes in the Target Company's authorised, issued, and fully paid share capital during the Relevant Period.

14. CAPITAL COMMITMENTS

During the Relevant Period, the Target Company entered into agreements for sale and purchase (the "Property Purchase Agreements", including inter alia the related provisional agreements for sale and purchase and the removal contracts, where any, and the formal sale and purchase agreements) of the following units of Fung Wah Factorial Building which is situated at No. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong (the "Building") with 17 different property vendors ("Property Vendors") at a total cash consideration of HK\$206,110,000.

- Workshop Spaces C and D on 1st Floor of the Building ("Workshop Spaces 1C and 1D");
- Workshop Spaces A, B and C, on 2nd Floor of the Building ("Workshop Spaces 2A, 2B and 2C");
- Workshop Spaces A, B, C and D on 3rd Floor of the Building ("Workshop Spaces 3A, 3B, 3C and 3D");
- Workshop Spaces A, C and D on 4th Floor of the Building ("Workshop Spaces 4A, 4C and 4D");
- Workshop Spaces B, C and D on 5th Floor of the Building ("Workshop Spaces 5B, 5C and 5D");

- Workshop Spaces A, B, C and D on 6th Floor and their respective Roofs of the Building (“Workshop Spaces 6A, 6B, 6C and 6D and their respective Roofs”); and
- Adverse possession of a space underneath the common staircase on ground floor of the Building by a Property Vendor under the judgement DCCJ 1459 of 2014 (“AP common part”).

At the time for completion of the Property Purchase Agreements, there are 10 tenancy agreements in force for Workshop Spaces 1C, 1D, 2A, 2B, 2C, 3D, 4A and AP common part. At 30 June 2016, the Target Company has paid a total of HK\$18,075,000 as deposits under the Property Purchase Agreements (representing approximately 8.8% of the total consideration under all the Property Purchase Agreements) to the Property Vendors and HK\$15,357,000 for stamp duty. Upon completion of the Property Purchase Agreements, the Target Company will have to pay the balance of the consideration in the sum of HK\$188,035,000 to the Property Vendors.

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

15. SHARE SALE AND SALE LOAN AGREEMENT

The sole member of the Target Company entered into an agreement and a supplemental agreement with Skill Master Investment Limited (“SMIL”, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of Eminence Enterprise Limited) on 13 June 2016 and 20 June 2016, respectively, to sell his entire share holding and entire loan in the Target Company to SMIL at a total cash consideration of HK\$51,981,900.

16. RELATED PARTY TRANSACTIONS

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

17. EVENTS AFTER THE RELEVANT PERIOD

- (a) No audited financial statements have been prepared in respect of any period subsequent to 30 June 2016.
- (b) Upon execution of the formal sale and purchase agreements, the Target Company preliminary will have about 63.33% of the undivided shares of the Building. Save for the Workshop Space 3D, the completion of all the Property Purchase Agreements is expected to be on or before 5 August 2016. The completion of the Property Purchase Agreement for the Workshop Space 3D is expected to be on or before 5 August 2017.

Yours faithfully,

Cosmos CPA Limited
Certified Public Accountants

NG Lai Man Carmen
Practising Certificate Number P03518
Hong Kong
15 July 2016

**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED
GROUP****Introduction**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of assets and liabilities (collectively referred to as the “Unaudited Pro Forma Financial Information”) of the Enlarged Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed Major Acquisition of the Target Company (the “Acquisition”).

This Unaudited Pro Forma Financial Information of the Enlarged Group has been prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Major Acquisition been completed as at 31 March 2016 or at any future date.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 March 2016 as disclosed in the 2016 annual report of the Company, and other financial information included elsewhere in the circular.

**Unaudited pro forma consolidated statement of Assets and Liabilities of the Enlarged
Group**

The unaudited pro forma consolidated statement of Assets and Liabilities of the Enlarged Group has been prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2016, which has been extracted from the annual report of the Company for the year ended 31 March 2016, after making the pro forma adjustments relating to the Acquisition that are factually supportable and directly attributable, as explained in the notes below.

Unaudited Pro Forma Consolidated Statement of Assets and Liabilities

	The Group as at 31 March 2016 HK\$'000 (Audited) (Note 1)	Pro forma adjustments			Proforma Total for the Enlarged Group HK\$'000	
		HK\$'000 (Audited) (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)		HK\$'000 (Note 5)
Non-current assets						
Property, plant and equipment	531	–	–	–	531	
Investment properties	1,333,316	–	–	–	1,333,316	
Deposits and capitalised expenses paid for acquisition of investment properties	–	33,432	(33,432)	–	–	
Loans receivable	57,500	–	–	–	57,500	
Available-for-sale investments	133,034	–	–	–	133,034	
	1,524,381	33,432	(33,432)	–	1,524,381	
Current assets						
Properties held for development for sale	524,000	–	–	–	524,000	
Deposits and capitalised expenses paid for acquisition of properties held for development for sale	–	–	33,432	18,550	635	52,617
Trade and other receivables	35,982	–	–	–	–	35,982
Loans receivable	18,500	–	–	–	–	18,500
Investments held for trading	5,944	–	–	–	–	5,944
Bank balances and cash	465,279	–	–	(51,982)	(635)	412,662
	1,049,705	–	33,432	(33,432)	–	1,049,705
Current liabilities						
Trade and other payables	27,108	–	–	–	–	27,108
Tax payable	9,131	–	–	–	–	9,131
Convertible note	74,705	–	–	–	–	74,705
Secured bank borrowings	4,993	–	–	–	–	4,993
Amount due to shareholder	–	33,432	–	(33,432)	–	–
	115,937	33,432	–	(33,432)	–	115,937
Net current assets	933,768	(33,432)	33,432	–	–	933,768
Total assets less current liabilities	2,458,149	–	–	–	–	2,458,149
Non-current liabilities						
Convertible note	12,379	–	–	–	–	12,379
Deferred tax liabilities	26,232	–	–	–	–	26,232
Secured bank borrowings	95,094	–	–	–	–	95,094
	133,705	–	–	–	–	133,705
Net assets	2,324,444	–	–	–	–	2,324,444

Notes to unaudited pro forma consolidated statement of Assets and Liabilities:

1. The figures are extracted from the audited consolidated statement of the financial position of the Group as at 31 March 2016, as set out in the published annual report of the Company for the year ended 31 March 2016.
2. The adjustment represents the figures which are extracted from the financial information of the Target Company as at 30 June 2016 as set out in Appendix II of this circular.
3. The adjustment represents the reclassification of deposits and capitalised expenses paid for acquisition of investment properties to properties held for development for sale on Group level.
4. The adjustments represent (i) the cash payment of the consideration of HK\$18,549,908 for the acquisition of the entire issued share capital of the Target Company; and (ii) the cash payment of HK\$33,431,992 for the assignment of the shareholder's loan of the Target Company outstanding as at 30 June 2016. The directors of the Company consider that the transaction is an acquisition of assets and thus, the total consideration paid by the Group of HK\$51,981,900 represents payment for acquisition of properties held for development for sale, which are capitalised and included therein.
5. The adjustment represents payment of the estimated transaction costs attributable to this transaction of approximately HK\$635,000.
6. After the Acquisition, the Enlarged Group will be responsible for paying the balance of the purchase price of HK\$188,035,000 at the respective dates of completion of the Property Purchase Agreements. Also, rental deposits of HK\$292,000 in relation to the existing tenancy agreements of the Properties will be transferred from the Property Vendors to the Group.
7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2016.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**Deloitte.****德勤****TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED**

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 (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma statement of assets and liabilities as at 31 March 2016 and related notes as set out on pages III-1 to III-3 of the circular issued by the Company dated 15 July 2016 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described on pages III-1 to III-3 of the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the acquisition of sale share and sale loan of Treasure Arts International Group Limited (the “Acquisition”) on the Group’s assets and liabilities as at 31 March 2016 as if the Acquisition had taken place on 31 March 2016. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s audited condensed consolidated financial statements for the year ended 31 March 2016, on which an auditor’s report has been published.

Directors’ Responsibilities for the Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 31 March 2016 would have been as presented.

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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

15 July 2016

The following is the text of a letter, and valuation certificate, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 8 June 2016 of the Property to be acquired by Skill Master Investments Limited.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No : C-030171

15 July 2016

The Board of Directors
Skill Master Investments Limited
7th Floor
Hong Kong Spinners Building Phase 6
481-483 Castle Peak Road
Kowloon, Hong Kong

Dear Sirs,

Re: 19 industrial units (known as Workshop Spaces C & D on 1/F, Workshop Spaces A, B & C on 2/F, Workshop Spaces A, B, C & D on 3/F, Workshop Spaces A, C & D on 4/F, Workshop Spaces B, C & D on 5/F, Workshop Spaces A, B, C & D on 6/F and their respective Roofs) and Space underneath Common Staircase on G/F, Fung Wah Factorial Building, Nos. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong (“the Properties”)

In accordance with the instructions of Skill Master Investments Limited (the “**Company**”) to value the Properties, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing our opinion of the market value of the property interests as at 8 June 2016 (the “**Valuation Date**”).

Our valuation of the property interests represents the “market value” which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities on issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

In valuing the Properties, we have adopted both the direct comparison approach which rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. For redevelopment site value, apart from direct comparison approach, we have cross checked by residual approach which is essentially a means of valuing a site by reference to its development potential according to its highest and best use in accordance with the statutory restrictions governing the use of the site. This approach involves the assessment of market value of the completed development (“**Gross Development Value**”), from which the total development costs and an allowance for risk and profit are deducted, to arrive at a “residual” sum, which represents the capital value of a site.

We have relied to a very considerable extent on the information given by the Company including and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not been provided with copies of title documents and lease agreements relating to the property and have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the area in respect of the Properties but have assumed that the area shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the Properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the Properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The property inspection was carried out on 23 June 2016 by Miss Bavis Tam, who is a probationer of the Hong Kong Institute of Surveyors and has over 1 years' experience in the valuation of properties in Hong Kong.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollars (HK\$).

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,
for and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Gilbert C.H. Chan

MRICS MHKIS RPS(GP)

Director

Note: Gilbert C.H. Chan is a Chartered Surveyor of RICS and HKIS who has 23 years' experience in the valuation of properties in Hong Kong and 22 years of property valuation experience worldwide. He has been working with Jones Lang LaSalle Corporate Appraisal and Advisory Limited since 2008.

VALUATION CERTIFICATE

Properties to be acquired by the Company for future development

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 8 June 2016 <i>HK\$</i>
Workshop Spaces C & D on 1/F, Workshop Spaces A, B & C on 2/F, Workshop Spaces A, B, C & D on 3/F, Workshop Spaces A, C & D on 4/F, Workshops B, C & D on 5/F, Workshop Spaces A, B, C & D on 6/F and their respective Roofs and Space underneath Common Staircase on G/F, Fung Wah Factorial Building of Nos. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong	<p>The Properties comprise 19 industrial units on 1st to 6th Floors with respective Roofs and a space underneath the common staircase on the Ground Floor in a 7-storey industrial building completed in 1960.</p> <p>The site area of the subject building is approximately 8,534 sq.ft. (or 792.83 sq.m.).</p> <p>The Properties have a total saleable area of approximately 35,526 sq.ft. (or 3,300.45 sq.m.). The roof area is approximately 6,460.04 sq.ft. (or 600.15 sq.m.).</p>	The Properties are currently leased to various third parties (please see note 8 for details).	150,000,000
38/60th parts or shares of and in The Remaining Portion of Section A, Section D, Section E and The Remaining Portion of New Kowloon Lot Inland Lot No. 2213	The Properties are held under a Government Lease for a term to be expired on 30 June 2047 at an annual Government rent equivalent to 3% rateable value for the time being of the Properties.		

Notes:

1. The registered owners of the Properties are registered vide various assignments with details as follows:

Unit	Registered Owner	Assignment Memorial No.	Date of Instrument
WS C on 1/F	Lai Hoi Ying	UB1033508	2 October 1973
WS D on 1/F	Tan Peter	UB8489668	21 August 2001
WS A on 2/F	Tam Ting Kai and Wu Lan Wah Ida (Joint Tenants)	UB6202678 (Deed of Gift)	5 January 1995
WS B on 2/F	Source Expand Development Limited	UB4222194	30 September 1989
WS C on 2/F	Lee Fuk Ping (1/2) and Li Shek Cheung (1/2) (Tenant in Common)	UB1654084 & UB2246332	23 November 1978 & 15 April 1982
WS A on 3/F	Cho Chan Wai and Ho Shiun Fong (Joint Tenants)	UB3075166	9 June 1986
WS B on 3/F	Cho Chan Wai and Ho Shiun Fong (Joint Tenants)	UB2214890	5 February 1982
WS C on 3/F	Dragon One Asia Limited	13071200240077	3 July 2013
WS D on 3/F	Lip Wing Kam	UB2603497	15 May 1984
WS A on 4/F	Lee Ka Sum and Chan Wai Ching (Joint Tenants)	UB4467473	5 June 1990
WS C on 4/F	Au Ah Lin Eliza	UB5798008	19 August 1993
WS D on 4/F	Au Yeung Pui and Lau Kit Man (Joint Tenants)	UB816867	25 June 1971
WS B on 5/F	Fong Kin Sing	12010601150068	14 December 2011
WS C on 5/F	Fong Kwong Kuen, (2/7) Fong Lim King (1/7) and Fong Kin Sing (4/7) (Tenant in Common)	UB2651366 & 12010601150034	12 September 1984 & 8 December 2011
WS D on 5/F	Fong Kin Sing	12010601150025 & 12033001100077	12 December 2011 & 12 March 2012
WS A on 6/F & Roof	Doo Oi Chun	UB8092176	16 May 2000
WS B on 6/F & Roof	Ng Chung Pik (1/2) and Ng Sung Sek (1/2) (Tenant in Common)	UB3094233	2 July 1986
WS C on 6/F & Roof	Chau Chi Wai (1/3), Chou Chi Yan (1/3) and Chou Chi Keung (1/3) (Tenant in Common)	UB7224707	28 July 1997
WS D on 6/F & Roof	Chau Chi Wai (1/3), Chou Chi Yan (1/3) and Chou Chi Keung (1/3) (Tenant in Common)	UB7224707	28 July 1997
Space underneath common staircase on G/F	Chau Yan Chi Catherine	14090800830013 (under DCCJ 1459 of 2014)	22 July 2014

2. Deed of Covenant with Plan registered vide Memorial No. UB751468 dated 6 July 1970.
3. Sealed Copy of Judgment with Plan registered vide Memorial No. 14090800830013 dated 22 July 2014 (under DCCJ 1459 of 2014) between Chau Yan Chi Catherine (Plaintiff) and The Incorporated Owners of Fung Wah Factorial Building (Defendant).
4. Workshop Space C on 4/F is subject to a Mortgage in favour of Bank of China (Hong Kong) Limited for all moneys vide Memorial No. 09052600750022 dated 13 May 2009.
5. Workshop Space C on 3/F is subject to a Mortgage in favour of DBS Bank (Hong Kong) Limited vide Memorial No. 13071200240086 dated 3 July 2013.

6. Workshop Space A on 2/F, Workshop Space B on 2/F and Workshop Space A and Workshop Space D on 4/F of the Properties are subject to 4 Preliminary Sale and Purchase Agreements for a total consideration of HK\$35,300,000.
7. A general description of the Properties is summarized as below:
- | | | |
|----------------------------|---|---|
| Location | : | The Properties are located on the northern side of Castle Peak Road at its junction with Tai Nan Road West in Lai Chi Kok. |
| Nature of Surrounding Area | : | The locality is a well-established industrial area with piece meal redevelopment carried on from time to time. |
| Transportation | : | The area is well served by public transport with buses, private light buses, taxis running along Castle Peak Road and Cheung Sha Wan Road. The Lai Chi Kok MTR exit is within 2 minutes' from the subject building. |
| Industrial Market Overview | : | In the first quarter of 2016, the capital values rose in tandem with rents. As a result, investment yields remained largely stable. Despite HK economy is slowing down, it is expected there to be enough demand in the market to absorb space over the course of the year. In April, pre-sale of a new industrial development close to the subject building had a good response with record high price for industrial development in the locality. |
| Town Planning | : | Other Specified Uses under Cheung Sha Wan Outline Zoning Plan dated 11 March 2016 |
| Land Lease Restrictions | : | General industrial purposes only |
8. According to the tenancy information provided to us, Workshop Space C& D on 1/F, Workshop Space A on 2/F, Workshop Space B on 2/F, Workshop Space C on 2/F, Workshop Space D on 3/F and Workshop Space A on 4/F are subject to various tenancies of terms of 2-4 years with last expiry date on 31 May 2019 at a total monthly rent of HK\$135,300, the remaining 12 units are either vacant or owner-occupied.
9. In our valuation, we have identified and analyzed various relevant market information in the locality which have similar characteristic as the subject properties. The unit prices of these comparables range from 3,439 per sq.ft. to 6,761 per sq.ft.. The overall average unit rate adopted is 4,222 per sq.ft. which is consistent with the relevant comparable after due adjustments. Due adjustments to those transactions have been made to reflect these factors including but not limited to time, location, size, accessibility and floor in arriving at the key assumption.
10. For reference purpose, the Redevelopment Site Value of whole of the Nos. 646, 648 and 648A Castle Peak Road (the Lot where the Properties are situated) is estimated to be HK\$580,000,000. Further, since the Properties hold 38/60th undivided shares of whole of the Lot, the estimated Redevelopment Site Value of the Lot apportioned to the Properties is estimated to be HK\$367,300,000.

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) Directors' interest in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Capacity	Number of Shares held (long position)	Number of underlying held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (<i>note i</i>)	457,330,692	880,281	458,210,973	41.04%
Ms. Koon Ho Yan Candy	Beneficiary of a trust (<i>note ii</i>)	457,330,692	880,281	458,210,973	41.04%

Notes:

- (i) These Shares are respectively registered in the name of and are beneficially owned by Landmark Profits Limited (“**Landmark Profits**”) and Goodco, both are wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International Holdings Limited (“**Easyknit International**”) and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited (“**Magical Profits**”) is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited (“**Winterbotham Trust**”) as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interest in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“**Substantial Shareholders**”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	457,330,692	880,281	458,210,973	41.04%
Landmark Profits	<i>i & ii</i>	Beneficial owner	93,549,498	–	93,549,498	8.38%
Goodco	<i>i & ii</i>	Beneficial owner	363,781,194	880,281	364,661,475	32.66%
Easyknit International	<i>i & ii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Magical Profits	<i>i & iii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Winterbotham Trust	<i>i & iv</i>	Trustee	457,330,692	880,281	458,210,973	41.04%
Winterbotham Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Markson International Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Christopher Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Ivan Geoffery Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	41.04%
Madian Star Limited	<i>(v)</i>	Beneficial owner	–	260,606,060	260,606,060	23.24%
Lung Chung Chi		Beneficial owner	145,700,000	–	145,700,000	13.05%
Hu Rong		Beneficial owner	84,000,000	–	84,000,000	7.52%

Notes:

- (i) In the 457,330,692 Shares, 93,549,498 Shares and 363,781,194 Shares are registered in the name of and beneficially owned by Landmark Profits and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit International. Goodco is also interested in 880,281 underlying Shares (subject to adjustment) to be issued upon the full conversion of the convertible note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu, a Director. Magical Profits is interested in approximately 36.74% of the issued share capital of Easyknit International. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 457,330,692 Shares and 880,281 underlying Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits, Goodco and Easyknit International. Ms. Koon Ho Yan Candy, being a Director, is also a Director of Easyknit International.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice Limited and Magical Profits.
- (iv) Winterbotham Trust is trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“**Winterbotham Holdings**”) and 25% by Markson International Holdings Limited (“**Markson**”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.
- (v) the noteholder of a convertible note issued by the Company to Madian Star Limited on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 for a term of 2 years and conferring rights to convert Shares on the basis of the then conversion price of HK\$0.33 per Share.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or 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 who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business carried on as intended to be carried on by the Group, were entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the placing agreement dated 11 August 2014 entered into between the Company and Get Nice Securities Limited, as the placing agent, to place 78,000,000 new shares of the Company at a placing price of HK\$0.30 per share;
- (b) the underwriting agreement dated 5 September 2014 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 450,132,472 rights shares at the subscription price of HK\$0.70 per right share;

- (c) the underwriting agreement dated 2 February 2015 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 506,399,020 rights shares at the subscription price of HK\$0.65 per rights share;
- (d) the underwriting agreement dated 6 August 2015 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 1,063,437,920 rights shares at the subscription price of HK\$0.48 per rights shares; and
- (e) the Agreement and the Supplemental Agreement.

5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. DIRECTORS' INTEREST IN COMPETING BUSINESS

As 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.

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have been 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 known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

8. EXPERTS AND CONSENTS

The following is the qualification of the experts who have named in this circular or have given its opinions or advices which are contained in this circular:

Name	Qualification
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants
Cosmos CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above experts did not have:

- (a) any direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters and the references to their names in the form and context in which they appears.

9. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (d) The English text of this circular prevails over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for a period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2014, 2015 and 2016;
- (c) the accountants' report on TAI issued by Cosmos CPA Limited, the text of which is set out in Appendix II to this circular;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of assets and liabilities of the Enlarged Group as set out in Appendix III to this circular;

- (e) the valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix IV;
- (f) the letters of consent referred to in the paragraph headed “Experts and consents” in this appendix;
- (g) the material contracts referred to the paragraph headed “Material contracts” in this appendix;
- (h) a copy of each circular issued pursuant to the requirement set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts; and
- (i) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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 (the “**Meeting**”) of Eminence Enterprise Limited (高山企業有限公司) (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 Monday, 1 August 2016, at 9:10 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Agreements dated 13 June 2016 and 20 June 2016 respectively entered into by the seller as vendor and the Company or its subsidiaries as purchaser in relation to the sale and purchase of the entire issued share capital and the sale loan of Treasure Arts International Group Limited; and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such documents, instruments and agreements and do all such acts, matters and things as he/she may in his/her absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Acquisition and the transactions contemplated thereunder and to agree to such variations of the terms of the Acquisition as he/she may in his/her absolute discretion consider necessary or desirable.

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

Hong Kong, 15 July 2016

NOTICE OF SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:

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

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above 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 convened and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.