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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

VERY SUBSTANTIAL ACQUISITION

ACQUISITION OF THE SALE SHARE AND THE SALE LOAN

THE AGREEMENT

On 3 August 2016, Skill Master, a direct wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, 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 of DLL at a total consideration of HK\$64,525,000 (“**2nd Acquisition**”). The Sale Share represents 100% equity interest in DLL whilst the Sale Loan represents the entire amount of shareholder’s loan owing by DLL to the Seller as at the Completion Date. The sole asset of DLL is the 5 units of the Building.

As the applicable percentage ratios of the 2nd Acquisition exceed 25% but are less than 100%, the 2nd Acquisition constitutes a major transaction for the Company 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.

Pursuant to the Company’s announcement dated 13 June 2016 and 13 July 2016 relating to the acquisition of TAI, the Shareholders have been approved the acquisition of TAI (“**1st Acquisition**”) on 1 August 2016; and the completion for the purchase of 20 units (including AP common part) of the Building (“**TAI Properties**”) was made on 5 August 2016.

As the applicable percentage ratios of the total consideration on the aggregate of the 1st Acquisition and 2nd Acquisition which exceeds 100% and therefore the Aggregate Acquisitions will classify as a very substantial acquisition for the Company and is subject to reporting, announcement and Shareholders’ approval requirements under the Listing Rules.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the 2nd Acquisition, Aggregate Acquisitions and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the 2nd Acquisition and the Aggregate Acquisitions; (ii) financial information on the Group and DLL; and (iii) independent property valuation report of the DLL Properties, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 September 2016 as additional time is required to prepare the financial information of the Enlarged Group.

INTRODUCTION

Pursuant to the property portfolio of the Group, Goldchamp, 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\$6,800,000 and this transaction was approved by the independent Shareholders on 7 October 2015 and completed on 11 November 2015. Details of this transaction is disclosed in the Company’s circular dated 14 September 2015.

In addition, pursuant to the Company’s announcements dated 13 June 2016 and 13 July 2016 relating to the acquisition of TAI, the Shareholders have been approved the acquisition of TAI (“**1st Acquisition**”) on 1 August 2016; and completion for the purchase of 20 units (including a AP common part) of the Building (“**TAI Properties**”) was made on 5 August 2016.

As at the date of the announcement, the Group, via its subsidiaries, is the owner of GI Property and TAI Properties, i.e. 21 units (including a AP common part) of the Building which represent 66.67% of the undivided shares of the Building (as contemplated by section 3(1) of the Ordinance).

On 3 August 2016, Skill Master, a direct wholly-owned subsidiary of the Company, as the purchaser, entered into the Agreement with the Seller, 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 of DLL at a total consideration of HK\$64,525,000 (“**2nd Acquisition**”). The Sale Share represents 100% equity interest in DLL whilst the Sale Loan represents the entire amount of shareholder’s loan owing by DLL to the Seller as at the Completion Date. The sole asset of DLL is the 5 units (“**DLL Properties**”) of the Building.

The Building is a 7-storey industrial building completed in 1960 with a total of 32 units (including AP common part). Upon completion for the purchase of the DLL Properties, the Group shall own 26 units (including a AP common part) which represents 80% of the undivided shares of the Building (as contemplated by section 3(1) of the Ordinance) and since the Building exceeds 50 years of age which the Company is 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.

THE AGREEMENT

Date : 3 August 2016

Purchaser : Skill Master

Seller : Mr. Ng, an individual person who is the legal and beneficial owner of the entire issued share capital of DLL, 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 and also the seller of TAI. Save for the Agreement and TAI 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 DLL, and the Sale Loan.

DLL is legally and beneficially interested in the DLL 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 DLL Acquisition, DLL 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 DLL 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 Skill Master 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
4. the warranties provided by the Seller under the Agreement remain true and accurate in all respects.

Consideration

The Consideration for the Sale Share and the Sale Loan is HK\$15,822,008 and HK\$48,702,992 respectively amounted to a total of HK\$64,525,000 shall be paid in cash and shall be paid as follows:

1. initial deposit in the sum of HK\$42,293,000 shall be paid to the Seller upon the signing of the Agreement;
2. further deposit in the sum of HK\$15,200,000 shall be paid to the Seller on or before 9 September 2016; and
3. the balance of HK\$7,032,000 shall be paid to the Seller upon Completion.

The consideration of HK\$64,525,000 was determined after arm's length negotiations between Skill Master and the Seller; and Skill Master has been taken into account of the following factors but without limitation to the :

1. the Group, via Goldchamp and TAI, is the owner of 21 units (including a AP common part) ;
2. the preliminary indication by an independent valuer on the redevelopment site value of the DLL Properties is HK\$175,000,000;

3. the favourable location of the DLL Properties which is at high traffic location with subways, 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 aggregate cost of the property purchase agreements; and
5. the potential in future development of a high rise composite commercial building.

The Group will fund the 2nd Acquisition from internal resources of the Group.

Acquisition of the Properties by DLL

DLL entered into 3 provisional agreements with 3 Property Vendors for the acquisition of the DLL Properties.

Details of the Property Purchase Agreements

	<u>Unit</u>	<u>Date of Property Purchase Agreements</u>	<u>Undivided shares</u>	<u>Completion date in Property Purchase Agreement</u>
1.	A2, G/F	8 July 2016	3/120	9 November 2016
2.	B1, G/F	8 July 2016	3/120	9 November 2016
3.	B2, G/F	8 July 2016	3/120	9 November 2016
4.	C2, G/F	8 July 2016	3/120	9 November 2016
5.	B, 4/F	1 July 2016	2/60	18 October 2016

The completion of all the Property Purchase Agreements is expected to be in October 2016 and November 2016 respectively. The purchase price of the DLL Properties under the Property Purchase Agreements and the Supplemental Agreements is HK\$175,800,000.

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

DLL has paid a total deposit of HK\$42,293,000 on 3 August 2016 to the Seller under the Agreement, of which HK\$18,740,000 was paid under the Property Purchase Agreements (representing approximately 10.66% of the total consideration under all the Property Purchase Agreements); and (2) the balance of HK\$23,553,000 was paid for the stamp duty and the partial commission. Upon completion of the Property Purchase Agreements, DLL will have to pay the balance of the consideration in the sum of HK\$157,060,000 to the Property Vendors. If the Agreement completes on the Completion Date, DLL 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 DLL.

The Group will fund the balance of the purchase price of the acquisition of the DLL Properties from internal resources of the Group.

AGGREGATE ACQUISITIONS

The aggregate purchase cost for the acquisition of the property purchase agreements of TAI Properties and DLL Properties is HK\$381,910,000, whilst the aggregate consideration for the acquisition of the sale share of TAI and DLL is HK\$34,371,916.

REASONS FOR AND BENEFITS OF THE AGGREGATE ACQUISITIONS

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, 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\$6,800,000 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.

As at the date of this announcement, the Group via Goldchamp and TAI, both are the wholly-owned subsidiaries of the Company, owned 21 units (including a AP common part) of the Building.

DLL is the purchaser under the Property Purchase Agreements. The 2nd Acquisition will enable the Group to acquire the DLL Properties, which represents about 13.33% of the undivided shares of the Building; and when aggregate them with the GI Property and TAI Properties, the Group shall have 80% 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 Company will issue further announcement(s) to inform the Shareholders when the purchase of any of the Remaining Units are completed.

Based on the preliminary valuation by independent valuers, the redevelopment site value of the DLL Properties is approximately HK\$175,000,000 as at 1 August 2016.

Two of the DLL 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. The following are the details of the 2 tenancies:

Unit	Tenancy Period	Monthly Rental Fees HK\$
C2, G/F	01 December 2015 – 30 November 2018	75,000
B, 4/F	16 March 2015 – 15 March 2017	12,300

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the tenant of each unit is an Independent Third Party.

The 2nd Acquisition shall further pave way for the Group to redevelop the Building site into a high rise composite commercial building and the Company shall follow the legal procedures in redevelopment according to the Ordinance which summarizes in the paragraph on "PROCEDURES IN REDEVELOPMENT UNDER THE ORDINANCE" of the announcement.

The Directors are of the view that for the potential in future development of the site into a high rise composite commercial building, the total consideration of the 2nd 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 Shareholders as a whole.

As at the date of the announcement, the Company has made known to the Seller that the Company has intention to purchase the Remaining Units via the Seller; and the negotiations between the Seller and the owners of the Remaining Units, Independent Third Parties, are ongoing. The Seller shall make its best effort to conclude the sale and purchase with the owners of the Remaining Units at a price with reference to comparables and the indication of the valuation provided by an independent valuer from time to time. The Company shall make application to the Lands Tribunal for an order to sell the undivided shares of the Building site for redevelopment purpose at the time when any of the owners are asking the purchase price which is unreasonable and much higher than the comparables and the indication of the valuation. As at the date of this announcement, the Company does not have a concrete timing to submit the application under the Ordinance as it depends on, but without limitation to the success level in the ongoing negotiations with the owners of the Remaining Units and the sentiment in the property market for redevelopment.

Information on DLL

DLL was incorporated in the British Virgin Islands and have never carried on any business save for entering into the Property Purchase Agreements. Accordingly, from the date of incorporation of DLL till to the date of the Agreement, there are no profits attributable to DLL. The net asset value of DLL as at 3 August 2016 is HK\$8.00.

Its sole material assets are the 3 Property Purchase Agreements, the paid deposits, paid stamp duty and its rights under the Property Purchase Agreements. The liabilities of DLL consist of a debt as at the Completion Date (owed to the Seller) of HK\$48,702,992 and its liabilities under the Property Purchase Agreements.

INFORMATION OF THE SELLER

The Seller is an experienced property agent and a 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 DLL Properties to the developer on or before the completion of the Property Purchase Agreements, therefore the Seller has 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 trust in terms of the Property Vendors 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 DLL 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.

PROCEDURES ON THE REDEVELOPMENT UNDER THE ORDINANCE

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 (“**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.

IMPLICATIONS UNDER THE LISTING RULES

The applicable percentage ratios of the 2nd Acquisition exceed 25% but are less than 100%, the 2nd Acquisition which constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules, but when aggregates the consideration for the 1st Acquisition and 2nd Acquisition, the applicable percentage ratios exceed 100% for the Company and therefore the Aggregate Acquisitions shall classify as a very substantial acquisition and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

GENERAL

The SGM will be convened and held to consider and, if thought fit, approve the 2nd Acquisition, the Aggregate Acquisitions and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the 2nd Acquisition and Aggregate Acquisitions; (ii) financial information on the Group and DLL; and (iii) independent property valuation report of the DLL Properties, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 September 2016 as additional time is required to prepare the financial information of the Enlarged Group.

DEFINITIONS

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

“1st Acquisition”	the acquisition of the sale share and sale loan of TAI for a consideration of HK\$51,981,900, details of which are set in the Company’s announcement dated 13 June 2016 and 13 July 2016
“2nd Acquisition”	the proposed acquisition of the Sale Share and Sale Loan of DLL subject to the terms and conditions of the Agreement
“Aggregate Acquisitions”	the aggregate of the 1st Acquisition and 2nd Acquisition
“Agreement”	an agreement dated 3 August 2016 entered into between Skill Master and the Seller for the sale and purchase of Sale Share and Sale Loan of DLL
“AP common part”	adverse possession of a Property Vendor in the areas on the ground floor of the Building 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 32 units (including 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 13 October 2016, or such other dates the parties may agree in writing
“Consideration”	the aggregate consideration of HK\$64,525,000 includes the amount of HK\$15,822,008 to acquire the Sale Share and the amount of HK\$48,702,992 to acquire the Sale Loan payable by Skill Master to the Seller under the Agreement
“Director(s)”	director(s) of the Company

“DLL”	Daily Leader Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the Seller
“DLL Properties”	5 units of the Building which are: (1) Unit A2 of ground floor, (2) Units B1 and B2 of ground floor, (3) Unit C2 of ground floor; and (4) Unit B of 4/F of the Building
“Enlarged Group”	the Group immediately after the completion of the 2nd Acquisition
“Group”	the Company and its subsidiaries
“GI Property”	Unit B, 1/F of the Building
“Goldchamp”	Goldchamp International Limited, a company incorporated in Hong Kong, which is wholly-owned subsidiary of the Company
“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
“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
“Property Purchase Agreement(s)”	the 3 provisional agreements for sale and purchase entered into between DLL and each of the Property Vendor(s) in relation to the sale and purchase of the DLL Properties
“Property Vendors”	the respective vendor(s) of each of the Property Purchase Agreements(s), each of which are Independent Third Parties

“Remaining Units”	9 units of the Building which are: (1) Units A1, C1 and D of Ground Floor; and (2) Units A, B & D of 1st Floor; and (3) Unit D of 2nd Floor; and (4) Unit D 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\$48,702,992 owing by DLL to the Seller as at the Completion Date
“Sale Share”	the one ordinary share of US\$1.00 in the share capital of DLL, which has been issued and fully paid up and which represents the entire issued share capital of DLL at completion
“Seller”	Mr. Ng Kwai Tung, an individual person who is an Independent Third Party
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Skill Master”	Skill Master Investments Limited, a company incorporated in the British Virgin Islands and is a direct wholly-owned subsidiary of the Company
“Supplemental Agreements”	3 supplemental agreements to the Property Purchase Agreements entered into between DLL and each of the Property Vendor(s) relating to the amendments in the settlement of the payment
“TAI”	Treasure Arts International Group Limited, a company incorporated in the British Virgin Islands, which is wholly-owned by the Seller
“TAI Agreement”	an agreement dated 13 June 2016 entered into between Skill Master and the Seller for the sale and purchase of Sale Share and Sale Loan of TAI

“TAI Properties”	<p>20 units of the Building which are:</p> <ol style="list-style-type: none"> (1) Unit 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
“very substantial acquisition”	as defined in the Listing Rules

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

Hong Kong, 9 August 2016

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