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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

**REVISION OF TERMS OF CONVERTIBLE NOTE
HELD BY INDEPENDENT THIRD PARTY**

On 26 March 2019, the Company and the Madian entered into the Third Deed of Amendment to revise the conversion price from HK\$0.16 per Conversion Share to the Revised Conversion Price.

The Proposed Alteration is subject to the conditions set out in the paragraph headed "Conditions Precedent" below.

LISTING RULES IMPLICATIONS

Under Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An appropriate application will be made by the Company to the Listing Committee of the Stock Exchange.

The listing approval granted on 8 May 2017 extends to 537,500,000 Conversion Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in 1,433,333,333 further Conversion Shares (subject to adjustment in accordance with the terms of the 2015CB) which may be issued by the Company on exercise of conversion rights after the Proposed Alterations.

A circular of the Company containing, among other things, (i) details of the Proposed Alteration and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable. As the Company requires time for compiling the information for inclusion in the circular pursuant to the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 8 May 2019.

On 26 March 2019, the Company entered into the Third Deed of Amendment with Madian, details of which are set out below.

SHAREHOLDING STRUCTURE

A total of 537,500,000 Conversion Shares will be allotted and issued upon full conversion of the 2015CB at the existing Conversion Price. A total of 1,433,333,333 Conversion Shares would be allotted and issued upon full conversion of the 2015CB at the Revised Conversion Price. The table below sets out the current shareholding structure of the Company today and as it will be on the assumptions below:

	As at the date of this announcement		Assuming full exercise of 2014CB, 2015CB, 2017CB1 and 2017CB2 before Proposed Alternation		Assuming full exercise of 2015CB only at the Revised Conversion Price		Assuming full exercise of 2014CB, 2015CB, 2017CB1 and 2017CB2 at the Revised Conversion Price	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Goodco and parties acting in concert with it								
Landmark Profits Goodco	93,549,498	3.16	93,549,498	2.47	93,549,498	2.13	93,549,498	2.00
- Shares	645,781,194	21.77	645,781,194	17.03	645,781,194	14.68	645,781,194	13.77
- underlying Shares of 2014CB (notes 1 & 3)	-	-	880,281	0.023	880,281	-	880,281	0.018
- underlying Shares of 2017CB1 (notes 2 & 3)	-	-	100,000,000	2.64	100,000,000	-	100,000,000	2.13
- underlying Shares of 2017CB2 (notes 2 & 3)	-	-	188,000,000	4.96	188,000,000	-	188,000,000	4.01
Sub-total	739,330,692	24.93	1,028,210,973	27.12	739,330,692	16.81	1,028,210,973	21.93
Madian (note 4)	-	-	537,500,000	14.17	1,433,333,333	32.58	1,433,333,333	30.57
Public Shareholders	2,226,501,367	75.07	2,226,501,367	58.71	2,226,501,367	50.61	2,226,501,367	47.50
Total	2,965,832,059	100.00	3,792,212,340	100.00	4,399,165,392	100.00	4,688,045,673	100.00

Notes:

1. The entire issued share capital of Goodco is indirectly held by Easyknit.
2. The entire issued share capital of Landmark Profits is directly held by Easyknit.
3. Goodco and Landmark Profits, are wholly-owned subsidiaries of Easyknit and are acting in concert for the purpose of the Takeovers Code.
4. Pursuant to the terms of the 2015CB, Madian may convert at any time within the 7-year period commencing from 12 June 2015.

REASONS FOR THE PROPOSED ALTERATION

The average 6 months' trading prices of the Shares prior to the date of this announcement is HK\$0.077 per Share and is lower than the prevailing conversion price of HK\$0.16 per Conversion Share. The Proposed Alteration will provide an incentive to the holder of the 2015CB to exercise the conversion rights attaching to the 2015CB, and thereby strengthen the capital base and financial position of the Company.

As such, the Board considers that Proposed Alteration is in the interests of the Company and the Shareholders as a whole.

THIRD DEED OF AMENDMENT

Background

On 29 May 2015, the Company and Madian entered into the subscription agreement in respect of the issue of the 2% coupon 2015CB in the principal amount of HK\$86 million for a term of 2 years at an initial conversion price of HK\$0.85 per Conversion Share. The conversion price was automatically adjusted to HK\$1.81 on 14 October 2015 due the completion of a capital reorganisation and rights issue of the Company.

On 27 November 2015, the Company and Madian entered into the First Deed of Amendment relating to the revision of the conversion price from HK\$1.81 to HK\$0.33 per Conversion Share. It was approved by the Shareholders on 7 January 2016. The expiry date of the 2015CB was then 12 June 2017.

On 1 March 2017, the Company and the Madian entered into the Second Deed of Amendment relating to (1) the revision the exercise period from 2 years to 7 years; (2) the conversion price from HK\$0.33 per Conversion Share to HK\$0.16; and (3) the annual interest rate from 2% to 3% payable semi-yearly in arrears. It was approved by the Shareholders on 26 April 2017. The expiry date of the 2015CB was then 12 June 2022.

On 26 March 2019, the Company and the Madian entered into the Third Deed of Amendment to revise the conversion price from HK\$0.16 per Conversion Share to the Revised Conversion Price.

Principal terms of the Proposed Alteration

The Proposed Alteration was arrived at after arm's length negotiations between the Company and Madian to revise the conversion price from HK\$0.16 per Conversion Share to the Revised Conversion Price.

Apart from the Proposed Alteration, the terms and conditions of the 2015CB remain unchanged.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in 1,433,333,333 further Conversion Shares (subject to adjustment in accordance with the terms of the 2015CB) which may be issued by the Company on exercise of conversion rights after the Proposed Alterations.

Takeovers Code

Upon the full conversion of the 2015CB at the Revised Conversion Price, a total of 1,433,333,333 Conversion Shares would be issued, representing 48.33% of the issued share capital of the Company as at the date of this announcement and on assumptions in the table above will exceed 30% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares issuable at the Revised Conversion Price. In the event that as a result of a conversion the holder of the 2015CB together with persons acting in concert with it comes to hold 30% or more of the then issued voting shares in the Company it would be obliged to make a general offer to shareholders in compliance with Rule 26 of the Takeovers Code. Madian has irrevocably undertaken that it would not exercise its Conversion Rights in any manner which would oblige it to make a general or mandatory offer to shareholders under the Takeovers Code.

Revised Conversion Price

The Revised Conversion Price was arrived at after arm's length negotiation between the Company and Madian and represents:

- (i) a discount of approximately 1.64% over the closing price of HK\$0.061 per Share as quoted on the Stock Exchange on 25 March 2019, being the last trading day immediately before the entering into the Third Deed of Amendment;
- (ii) a discount of approximately 2.60% over the 5 trading days' average of the closing price per Share of HK\$0.0616, being the last 5 trading days up to and including 25 March 2019, being the last trading day immediately before the entering into of the Third Deed of Amendment; and
- (i) a discount of approximately 22.08% over the last 6 months trading days' average of the closing price per Share of HK\$0.077, being 6 months' trading days up to and including 25 March 2019, being the last trading day immediately before the entering into of the Third Deed of Amendment.

Conditions precedent

The Revised Conversion Price will become effective upon the fulfillment of the following conditions precedent:

- (a) the passing by the Shareholders at the SGM to be convened and held, of the necessary resolution to approve the Proposed Alteration and the transactions contemplated thereunder;

- (b) all necessary consents and approvals required to be obtained on the part of the Company and Madian in respect of the Proposed Alteration and the transactions contemplated thereunder having been obtained; and
- (c) without prejudice to condition (b) above, the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares to be allotted and issued under the 2015CB after the Proposed Alteration.

If any of the above conditions are not fulfilled on or before 15 July 2019 or such later date as the Company and Madian may agree, the Third Deed of Amendment will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

LISTING RULES IMPLICATIONS

The Proposed Alteration is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules. According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An appropriate application will be made by the Company to the Listing Committee of the Stock Exchange.

The listing approval granted on 8 May 2017 extends to 537,500,000 Conversion Shares. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in 1,433,333,333 further Conversion Shares (subject to adjustment in accordance with the terms of the 2015CB) which may be issued by the Company on exercise of conversion rights after the Proposed Alterations.

INFORMATION ON THE GROUP

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

GENERAL

A circular of the Company containing, among other things, (i) details of the Proposed Alteration and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as practicable. As the Company requires time for compiling the information for inclusion in the circular pursuant to the Listing Rules, the circular is expected to be despatched to the Shareholders on or before 8 May 2019.

The SGM will be held for the Shareholders to consider and, if thought fit, pass resolutions to approve the Proposed Alteration.

DEFINITIONS

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

"2014CB"	the 2% coupon rate convertible note issued by the Company to Goodco on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert Shares on the basis of the then prevailing conversion price of HK\$22.72 per Share, of which the total outstanding amount is HK\$20,000,000
"2015CB"	the 3% per annum coupon rate convertible note issued by the Company to Madian Star Limited on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 conferring rights to convert Shares on the basis of the prevailing conversion price of HK\$0.16 per Share pursuant to the subscription agreement dated 26 May 2015, no conversion rights has been exercised yet
"2017CB1"	the 3% per annum coupon rate convertible note issued by the Company to Goodco in the aggregate principal amount of HK\$16,000,000 conferring rights to convert Shares on the basis of the conversion price of HK\$0.16 per Share pursuant to the subscription agreement dated 1 March 2017, no conversion rights has been exercised yet
"2017CB2"	the 3% per annum coupon convertible note issued by the Company to Goodco in the aggregate principal amount of HK\$28,200,000 conferring rights to convert Shares on the basis of the conversion price of HK\$0.06 per Share pursuant to the Subscription Agreement dated 26 September 2017, of which the outstanding amount is HK\$11,280,000.
"acting in concert"	the meaning ascribed to it in the Takeovers Code
"associates"	the meaning ascribed to it in the Listing Rules
"Board"	the board of directors of Eminence
"Company" or "Eminence"	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
"connected person(s)"	the meaning ascribed to it in the Listing Rules

"Conversion Shares"	the Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the 2015CB
"Directors"	the directors of Eminence
"Easyknit"	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 1218)
"First Deed of Amendment"	the deed of amendment dated 27 November 2015 entered into between the Company and Madian relating to revise the conversion price of the 2015CB from HK\$0.85 to HK\$0.33
"Goodco"	Goodco Development Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly owned subsidiary of Easyknit, being a substantial shareholder of the Company (as defined in the Listing Rules)
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a party which is not a connected person of the Company (as defined under the Listing Rules)
"Landmark Profits"	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Easyknit, being a substantial shareholder of the Company (as defined in the Listing Rules)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Madian"	Madian Star Limited, the noteholder of the 2015CB, an investment holding company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
"Proposed Alteration"	the amendments to the 2015CB to revise the conversion price from HK\$0.16 to HK\$0.06
"Revised Conversion Price"	HK\$0.06 per Conversion Share

"Second Deed of Amendment"	the deed of amendment dated 1 March 2017 entered into between the Company and Madian in relation to (1) revise the exercise period from 2 years to 7 years; (2) revise the conversion price from HK\$0.33 to HK\$0.16; and (3) revise the annual interest rate from 2% to 3% and the interest shall be payable in semi-yearly in arrears
"Share(s)"	ordinary share(s) of par value HK\$0.01 each in the share capital of Eminence
"Shareholder(s)"	holder(s) of Eminence Share(s)
"SGM"	the special general meeting of the Company to be held for the purpose of considering, if thought fit, approving the Proposed Alteration
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Third Deed of Amendment"	the deed of amendment dated 26 March 2019 entered into between the Company and Madian in relation to the Proposed Alteration
"%"	percentage

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

Hong Kong, 27 March 2019

As at the date hereof, the Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu as executive directors, and Mr. Kan Ka Hon, Mr. Lau Sin Ming, Mr. Foo Tak Ching and Mr. Wu Koon Yin Welly as independent non-executive directors.

If there is any inconsistency between the Chinese and English versions of this announcement, the English version shall prevail.