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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 - PROPERTIES ON DAVIS STREET, KENNEDY TOWN

After 4.00 pm on 9 July 2019, the Buyer entered into the Agreement for Sale and Purchase with the Seller, pursuant to which amongst other things, the Buyer conditionally agreed to buy, and the Seller agreed to sell, the Sale Shares of Company A and Company B and the Shareholder's Loans at the Consideration.

The sole asset of Company A is the Jumbo Sale Share Agreement which commits Company A to buy Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties, and the sole assets of Company B are the Property Purchase Agreements which commit Company B to buy the Company B Properties.

As one or more of the percentage ratios applicable to the Acquisition under Chapter 14 of the Listing Rules exceeds 100%, the Acquisition constitutes a very substantial acquisition of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, (i) further details of the Acquisition; (ii) financial information on the Enlarged Group; (iii) an independent property valuation report on the Company A Properties and the Company B Properties; and (iv) a notice convening the SGM is expected to be despatched to the Shareholders on or before 30 July 2019.

BACKGROUND

After 4.00 pm on 9 July 2019, the Buyer entered into the Agreement for Sale and Purchase with the Seller, pursuant to which amongst other things, the Buyer conditionally agreed to buy, and the Seller agreed to sell, the Sale Shares of Company A and Company B and the Shareholder's Loans at the Consideration.

The sole asset of Company A is the Jumbo Sale Share Agreement which commits Company A to buy Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties, and the sole assets of Company B are the Property Purchase Agreements which commit Company B to buy the Company B Properties.

THE AGREEMENT FOR SALE AND PURCHASE

Date : 9 July 2019 (after trading hours)
Buyer : Above Ace Limited
Seller : Ng Kwai Tung, an individual

Assets to be acquired

Pursuant to the Agreement for Sale and Purchase, amongst other things, the Buyer has conditionally agreed to purchase the Sale Shares of Company A and Company B and the Shareholder's Loans from the Seller.

Company A & the Jumbo Sale Share Agreement

Company A is a company incorporated in Anguilla with limited liability. It was incorporated on 12 April 2019 and the sole asset of Company A is the Jumbo Sale Share Agreement which commits Company A to buy Jumbo and its subsidiary, Silver Prosper, which is the registered owner of the Company A Properties.

Company A has no liabilities apart from (i) its Shareholder's Loan of HK\$27,999,992 owing to the Seller at Company A Completion Date; (ii) the sum remaining payable under the Jumbo Sale Share Agreement of HK\$252,000,000 at Company A Completion Date; and (iii) liabilities from the ordinary course of business. These will become liabilities of the Enlarged Group on a consolidated basis after Company A Completion Date.

Company A does not have any net profits (before and after taxation).

Jumbo Sale Share Completion is scheduled to take place on the Jumbo Sale Share Completion Date. The sum payable under the Jumbo Sale Share Agreement is payable in cash at Jumbo Share Completion Date and will be funded from internal resources of the Group and/or bank facilities.

Company B & Property Purchase Agreements

Company B is a company incorporated in Anguilla with limited liability. Company B was incorporated on 12 April 2019 and the sole assets of Company B are the Property Purchase Agreements which commit Company B to buy the Company B Properties.

Company B has no liabilities apart from (i) its Shareholder's Loan of HK\$115,332,492 owing to the Seller at Company B Completion Date; (ii) the sum remaining payable to the Property Vendors under the Property Purchase Agreements of HK\$310,050,000 at Company B Completion Date; and (iii) liabilities from the ordinary course of business. These will become liabilities of the Enlarged Group on a consolidated basis after Company B Completion Date.

Company B does not have any net profits (before and after taxation).

Property Completion is scheduled to take place on various completion dates set out in the Property Purchase Agreements. The sum payable under each of the Property Purchase Agreements is payable in cash at each of the property completion dates and will be funded from internal resources of the Group and/or bank facilities.

The Company A Properties and the Company B Properties

The Company A Properties and the Company B Properties were completed in 1962 and together constitute 100% of the combined sites at Nos.1B, 1C, 1D and 1E of Davis Street, Kennedy Town, Hong Kong. The registered site area of the combined sites is approximately 4,940 square feet.

Conditions precedent

Completion of the Agreement for Sale and Purchase is conditional upon the fulfilment of the following conditions and all applicable laws on or prior to the Completion Date:

1. the Agreement for Sale and Purchase and the transactions contemplated by it being approved by the Shareholders of the Company and all necessary approvals being obtained in compliance with the Listing Rules;
2. no event having occurred which in the reasonable opinion of the Buyer could be construed as being capable of preventing completion of the Property Purchase Agreements and/or the Jumbo Sale Share Agreement, or which could frustrate or make illegal or impossible the completion of the Property Purchase Agreements and/or the Jumbo Sale Share Agreement or make any of them unenforceable;
3. a due diligence review being carried out on Company A and Company B by, and having been completed to the satisfaction of, the Buyer in its sole discretion;
4. title investigation on the Company A Properties and the Company B Properties being carried out to the satisfaction of the Buyer; and
5. the Seller's solicitors providing, at least seven (7) days before the Completion Date, a title report of the Company A Properties and the Company B Properties to the Buyer;

and in the event any one or more of these conditions is not fulfilled or waived, all sums paid by the Buyer to the Seller under the Agreement for Sale and Purchase shall be returned to the Buyer within 5 business days of the Buyer's request.

Consideration

The Consideration for the sale and purchase of the Sale Shares of Company A and Company B and the Shareholder's Loans is HK\$220,832,500 (subject to adjustment), of which HK\$67,000,000 is the consideration for Company A (and its Shareholder's Loan), \$153,832,500 being the consideration for Company B (and its Shareholder's Loan). It is payable by the Buyer to the Seller in the following manner:-

- (a) HK\$30,000,000 as the deposit for Company B on or before 9 July 2019 or such other date as may be agreed by the Buyer and the Seller;
- (b) HK\$40,200,000 as further deposit (of which HK\$23,000,000 is for Company A and HK\$17,200,000 for Company B) on or before 16 July 2019 or such other date as may be agreed by the Buyer and the Seller;

- (c) HK\$60,000,000 as second further deposit for Company B on or before 25 July 2019 or such other date as may be agreed by the Buyer and the Seller;
- (d) HK\$59,000,000 as third further deposit (of which HK\$15,000,000 is for Company A and HK\$44,000,000 for Company B) on or before 30 August 2019 or such other date as may be agreed by the Buyer and the Seller;
- (e) HK\$2,632,500 (subject to adjustment for stamp duty assessment), being the balance of the consideration for Company B and its Shareholder's Loan, is payable by the Buyer to the Seller at Company B Completion Date or such other date as may be agreed by the Buyer and the Seller; and
- (f) HK\$29,000,000, being the balance of the consideration for Company A and its Shareholder's Loan, is payable by the Buyer to the Seller at Company A Completion Date or such other date as may be agreed by the Buyer and the Seller.

The overall Consideration was determined after arm's length negotiations between the Buyer and the Seller. When determining the Consideration, the management of the Company has taken into account the ownership of the Company A Properties and the Company B Properties, the location of the Company A Properties and the Company B Properties, the Shareholder's Loans, market price of properties of similar size and usage, and the potential of redevelopment of the sites. The Company in acquiring the sites for redevelopment also expects that there will be stamp duty refundable of approximately HK\$66,741,000 when redevelopment takes place. Against that background, the consideration for acquiring Company A (including the issued shares of Company A and its Shareholder's Loan) and the consideration for acquiring Company B (including the issued shares of Company B and its Shareholder's Loan) was negotiated on the basis of the parties respective perceptions of the value of the underlying properties or rights to acquire those properties, and the assets and liabilities of the two companies.

Valuation

In making the Acquisition, the Company took into account the market price of the properties as indicated by external valuer(s) to be approximately HK\$720,000,000 of the combined sites for the Company A Properties and the Company B Properties.

The Group will fund the Acquisition of the Sale Shares of Company A and B and the Shareholder's Loans from internal resources and/or bank facilities.

The Directors are satisfied that these terms of payment are fair and reasonable and in the interests of the Company and its shareholders as a whole because they were negotiated on arm's length terms and all sums payable before the Completion Dates must be refunded by the Seller if the conditions precedent are not fulfilled or waived.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company plans to demolish the Company A Properties and the Company B Properties and redevelop the combined sites into a commercial / residential / service apartment building with car parking spaces to maximize the usage of the sites.

conditions of the Agreement for Sale and Purchase

“Agreement for Sale and Purchase”	a conditional sale and purchase agreement dated 9 July 2019 entered into between the Buyer and the Seller for the sale and purchase of the Sale Shares of Company A and Company B and the Shareholder’s Loans
“Buyer”	Above Ace Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“Company A”	Real Supreme Limited, a company incorporated in Anguilla with limited liability
“Company A Completion Date”	28 October 2019 or such other date as the parties may agree in writing, which is the completion date for the sale and purchase of Company A and its Shareholder’s Loan
“Company A Properties”	(1) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1B Davis Street, Kennedy Town, Hong Kong (also known as Subsection 9 of Section A of Marine Lot No. 245); and (2) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1C Davis Street, Kennedy Town, Hong Kong (also known as Subsection 3 of Section A of Marine Lot No. 245)
“Company B”	Extra Glory Limited, a company incorporated in Anguilla with limited liability
“Company B Completion Date”	23 September 2019 or such other date as the parties may agree in writing, which is the completion date for the sale and purchase of Company B and its Shareholder’s Loan
“Company B Properties”	(1) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1D Davis Street, Kennedy Town, Hong Kong (also known as Subsection 8 of Section A of Marine Lot No. 245); and (2) G/F, 1/F, 2/F, 3/F, 4/F and 5/F, No. 1E Davis Street, Kennedy Town, Hong Kong (also known as Subsection 1 of Section A of Marine Lot No. 245)
“Completion Dates”	(a) 28 October 2019 or such other date as the parties to the Agreement for Sale and Purchase may agree in writing for Company A; (b) 23 September 2019 or such other date as the parties to the Agreement for Sale and Purchase may agree in writing for Company B;

“Consideration”	HK\$220,832,500 (subject to adjustment), for the purchase of the Sale Shares of Company A and Company B and the Shareholder’s Loans under the Agreement for Sale and Purchase
“Directors”	the directors of the Company
“Enlarged Group”	the Group immediately after completion of the Acquisition
“Group”	the Company and its subsidiaries
“HK\$	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	a third party independent of the Company and of its connected persons (as “connected person” defined in the Listing Rules) of the Company
“Jumbo”	Jumbo Rainbow Limited, a company incorporated in Hong Kong with limited liability
“Jumbo Sale Share Agreement”	the provisional agreement for the sale and purchase of all the issued shares capital in and loan to Jumbo dated 20 June 2019
“Jumbo Share Completion”	completion of the sale and purchase of the entire issued share capital in and loan to Jumbo pursuant to the Jumbo Sale Share Agreement and the related formal Jumbo Sale Share Agreement (if signed);
“Jumbo Sale Share Completion Date”	31 October 2019, or such other date no later than 5 months from the date of Jumbo Sale Share Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property Completion”	completion of the sale and purchase of all the Company B Properties pursuant to the Property Purchase Agreement(s) and the related formal sale and purchase agreement(s) (if signed);
“Property Purchase Agreements”	the provisional agreements for sale and purchase of the Company B Properties entered into between Company B and each of the Property Vendors in relation to the sale and purchase of the Company B Properties

“Property Vendors”	the respective vendor(s) of each of the Property Purchase Agreement(s) entered into with Company B in relation to the sale and purchase of the Company B Properties
“Sale Shares of Company A and Company B”	the entire issued share capital of Company A and Company B
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition
“Shareholder’s Loan(s)”	the shareholder’s loan of HK\$27,999,992 owing by Company A to the Seller at Company A Completion Date and the shareholder’s loan of HK\$115,332,492 owing by Company B to the Seller at Company B Completion Date, both of which are unsecured, interest-free and without fixed payments terms
“Shares”	shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of Shares
“Silver Prosper”	Silver Prosper Holdings Limited, a company incorporated in Hong Kong with limited liability
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Seller”	Ng Kwai Tung, an individual, an Independent Third Party

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

Hong Kong, 10 July 2019

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