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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  
CONCERNING  
ACQUISITION OF A COMPANY HOLDING PROPERTIES**

**VERY SUBSTANTIAL ACQUISITION - ACQUISITION OF A COMPANY  
HOLDING PROPERTIES**

The Board is pleased to announce that on 11 January 2018 (after trading hours), Lion Capital (a wholly-owned subsidiary of the Company) entered into the Provisional Agreement, pursuant to which (i) Lion Capital has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Interests (comprising the Sale Shares and the Sale Loans) for a consideration of HK\$295 million (subject to adjustments); and (ii) Lion Capital has agreed, subject to Completion, to grant a lease back to the Vendor or its nominee for each of Property 1 and Property 2 at the monthly rentals of HK\$256,240 and HK\$62,559 respectively for two years commencing from the next date immediately following the Completion Date.

The Sale Shares are the entire issued share capital of the Target Company which holds the Properties.

**LISTING RULES IMPLICATIONS**

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

A circular containing, among other matters, further details of the Acquisition, other information as required under the Listing Rules and the notice of the SGM to consider and, if thought fit, approve the Acquisition, 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 February 2018.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition. Therefore, no Shareholder is required to abstain from voting at the SGM.

## **WARNING**

**Completion of the Acquisition is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed “THE PROVISIONAL AGREEMENT – Conditions Precedent in the Provisional Agreement” in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **BACKGROUND**

The Board is pleased to announce that on 11 January 2018 (after trading hours), Lion Capital (a wholly-owned subsidiary of the Company) entered into the Provisional Agreement, pursuant to which (i) Lion Capital has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Interests (comprising the Sale Shares and the Sale Loans) for a consideration of HK\$295 million (subject to adjustments); and (ii) Lion Capital has agreed, subject to Completion, to grant a lease back to the Vendor or its nominee for each of Property 1 and Property 2 at the monthly rentals of HK\$256,240 and HK\$62,559 respectively for two years commencing from the next date immediately following the Completion Date.

## **THE PROVISIONAL AGREEMENT**

The principal terms and conditions of the Provisional Agreement are summarised below:

### **The Acquisition of the Properties**

#### *Date*

11 January 2018

#### *Parties*

- (1) Lion Capital, a wholly-owned subsidiary of the Company, as the Purchaser; and
- (2) the Vendor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

#### *Subject Matter*

The Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interests, comprising the Sale Shares and the Sale Loans. The Sale Shares are the entire issued share capital of the Target Company. The Vendor shall procure repayment of all amounts owing by the Target Company under the existing mortgage of the Properties on or before the Completion Date. The Target

Company shall on Completion have no outstanding borrowing or indebtedness other than the Sale Loans and rental deposit, prepayment received and accrued accounts payable (if any).

The Target Company is the sole legal and beneficial owner of the Properties and also holds 100% equity interest in the Subsidiary, which is an investment holding company with no material assets/liabilities except a loan to the Target Company.

*Consideration and payment terms*

The consideration for the Acquisition is HK\$295 million, subject to adjustments with reference to the Net Tangible Assets Value of the Target Company as stated in the section headed “THE PROVISIONAL AGREEMENT - Consideration adjustments” below.

The consideration for the Acquisition shall be paid by Lion Capital in the following manners:

- (i) an initial deposit of HK\$14.75 million upon the signing of the Provisional Agreement;
- (ii) a further deposit of HK\$14.75 million within 10 calendar days from the date of the Provisional Agreement; and
- (iii) an amount of HK\$265.50 million for the balance of the consideration for the Acquisition upon Completion.

The consideration (including the deposits) for the Acquisition was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to the valuation of the Properties of HK\$303 million as at 31 December 2017, as assessed by Vigers Appraisal and Consulting Limited, an independent valuer, adopting the market approach.

The payment for the initial deposit of the Acquisition will be settled in cash on hand by the Group and the remaining balance will be financed by bank financing.

*Consideration adjustments*

The Vendor shall deliver the Proforma Accounts to the Purchaser at least five (5) days prior to the Completion Date.

If the Net Tangible Assets Value as at the Completion Date as shown in the Proforma Accounts is more or less than zero, the consideration for the Acquisition shall be adjusted upwards or downwards (as the case may be):

- (i) by adding all current tangible assets of the Target Group (including but not limited to cash at bank and all deposits and prepayment) as shown in the Proforma Accounts; and

- (ii) by deducting all liabilities of the Target Group as shown in the Proforma Accounts (excluding the Sale Loans, loan(s) owing to the mortgagee of the Properties).

The Vendor shall deliver to the Purchaser within 30 days from the Completion Date the Audited Completion Accounts. If the Net Tangible Assets Value as shown in the Audited Completion Accounts is more or less than the Net Tangible Assets Value as shown in the Proforma Accounts, the Purchaser or the Vendor (as the case may be) shall pay the difference to the other party within 7 days from the date of receipt of the Audited Completion Accounts by the Purchaser.

### **Leasing back of Property 1 and Property 2**

Lion Capital has agreed, subject to and upon Completion, to grant a lease back to the Vendor or its nominee for each of Property 1 and Property 2, details of which are as follows:

|                        |   |
|------------------------|---|
| Landlord:              | Purchaser   |
| Tenant:                | Vendor or its nominee   |
| Premises:              | Property 1 - Unit 1201A of Capital Centre, No. 151 Gloucester Road, Hong Kong<br>Property 2 - Unit 1202 of Capital Centre, No. 151 Gloucester Road, Hong Kong |
| Lease term:            | Two years commencing from the next date immediately following the Completion Date   |
| Rental:                | Property 1 - HK\$256,240 per month<br>Property 2- HK\$62,559 per month  |
| Security deposit:      | 2 months' rental  |
| Notice of termination: | Not less than 4 months' written notice on or after expiration of 8 calendar months of the tenancy term (i.e. minimum tenancy term being 12 months)            |

The aforesaid rental has been determined after arm's length negotiations between the Purchaser and the Vendor with reference to the prevailing market rates for similar type and size of premises in the vicinity.

### **Formal Agreement**

The Vendor and the Purchaser shall negotiate in good faith and use their respective reasonable endeavours to (i) enter into a formal agreement for the Acquisition (the "**Formal Agreement**") on or before 23 January 2018, and (ii) agree on the form and substance of the formal tenancy agreement for the leasing back of Property 1 and Property 2 to the Vendor or its nominee on or before 23 January 2018. If no Formal

Agreement has been entered into on that date despite the parties' reasonable endeavours, the Provisional Agreement shall continue to be in full force and effect and legally binding on both the Vendor and the Purchaser unless and until the Provisional Agreement is superseded by the Formal Agreement.

### **Conditions Precedent in the Provisional Agreement**

Completion is conditional upon:

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and all other aspects of the Target Group and satisfied with the results thereof;
- (b) the Vendor shall at its own cost procure the Target Company to prove and give a good title to the Properties in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap. 219 of the Laws of Hong Kong);
- (c) all the representations, undertakings and warranties given by the Vendor under the Provisional Agreement and (if executed) the Formal Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion; and
- (d) the Shareholders' approval having been obtained by the Company in respect of the Provisional Agreement, (if executed) the Formal Agreement and the transactions contemplated under the Provisional Agreement (including the leasing back arrangement) and (if executed) the Formal Agreement pursuant to the Listing Rules.

If any of the conditions precedent in the Provisional Agreement is not fulfilled (or waived by the Purchaser, provided that sub-clause (d) above cannot be waived under any circumstances) on or before the Completion Date, the Purchaser shall be entitled to cancel the transactions contemplated under the Provisional Agreement whereupon the Vendor shall return all the deposit and money paid to the Purchaser within 3 working days of such cancellation and the Provisional Agreement shall be terminated automatically. If the Company is unable to obtain the Shareholders' approval on or before the Completion Date, the Vendor shall be entitled to forfeit the initial and further deposits as liquidated damages and the Provisional Agreement or (if executed) the Formal Agreement shall be terminated with no further force or effect.

Notwithstanding that the deposits would be forfeited if no Shareholders' approval can be obtained on or before the Completion Date, the Board considers that the terms of the Acquisition (including the deposits arrangement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole on the following basis:

- (a) as disclosed in the section headed "Information of the Properties" of this announcement below, the Properties are located in the prime location of business district in Wanchai with excellent transport links. In addition, as set out in the section headed "Reasons for and benefits of the Acquisition" of this announcement below, the Acquisition provides an opportunity for the Group to expand and diversify its property investment portfolio, generate a steady flow

of rental income for the Group, and potentially capture a value appreciation of the Properties. When assessing potential benefits for the Acquisition, the Board took into account of the valuation of the Properties as assessed by the independent valuer, the asking prices of remaining units in the same building available for sale and recent transaction prices for whole floor office of the same grade in the vicinity;

- (b) the deposits arrangement (including the forfeiture arrangement) was proposed and insisted by the Vendor as an essential term to the Acquisition, which was arrived at after arm length's negotiations between the Vendor and the Purchaser. The Board, after considering that the placing of a non-refundable deposits is in line with the market practice for similar property transactions in Hong Kong, took the view that the non-refundable deposits arrangement would be inevitable to secure the Acquisition;
- (c) the Board considers that the deposits forfeiture risk is relatively low, as Landmark Profits Limited and Goodco Development Limited, who together hold an aggregate of approximately 29.35% of the share capital in the Company, have indicated to the Company that they would vote in favour of the resolution to be proposed at the SGM to approve the Provisional Agreement and the transactions contemplated thereunder; and
- (d) as the deposits of HK\$29.50 million amounted to less than 1% of the total assets of the Group, the Board considers that the forfeiture of the deposits, if materialises, would not have a material adverse impact on the financial conditions or cash flow of the Group.

### **Stamp Duty and Costs**

Each of the Vendor and the Purchaser shall pay his own legal costs and expenses incidental to the Provisional Agreement and the Formal Agreement (if executed) and all transactions in connection therewith. All stamp duty payable on the transfer of the Sale Shares and the Sale Loans shall be borne by the Purchaser.

### **Completion of the Provisional Agreement**

The Provisional Agreement provides that, subject to all the conditions precedents to the Acquisition are satisfied or waived (except for the Shareholders' approval which cannot be waived as set out above), Completion shall take place on 30 April 2018.

### **INFORMATION ABOUT THE TARGET GROUP**

The Vendor is the sole legal and beneficial owner of the Target Company, which in turn holds the entire issued share capital of the Subsidiary. The Target Company is the sole legal and beneficial owner of the Properties. The principal activities of the Target Group are property investment and receiving rental/ license fee income.

As extracted from the audited financial statements of the Target Company for the period from 22 May 2015 (date of incorporation of the Target Company) to 31 December 2016,

the audited net loss (both before and after taxation and extraordinary items) of the Target Group for the period was HK\$10.47 million.

As extracted from the unaudited management accounts of the Target Group for the year ended 31 December 2017, the unaudited net loss (both before and after taxation and extraordinary items) of the Target Group was HK\$12.03 million. The unaudited consolidated net liabilities of the Target Group as at 31 December 2017 was approximately HK\$22.49 million.

## **INFORMATION OF THE PROPERTIES**

The Properties are located in the prime location of business district in Wan Chai. Situated in Gloucester Road, the Properties enjoy the sea view of Victoria Harbour. Developments in the vicinity predominately comprise commercial buildings and hotels such as The Sun's Group Centre and King's Hotel etc. The Properties benefit from its excellent transport links with readily available public transportation. The Properties are located within 10-minute walking distance from MTR Wan Chai Station.

The Properties offer a large floor area rarely found on Hong Kong Island side, comprises office units 01,02,03,05,06,07,08, and 09 (whole floor) on the 12th Floor, with a total gross floor area of approximately 14,500 square feet, and car parking spaces numbers 329, 330 and 331 on the 3rd floor of Capital Centre, No. 151 Gloucester Road, Hong Kong, which is a 26-storey commercial building completed in 1982.

The management of the Company currently expects the commercial property market of Hong Kong to be in a rising trend in the future and after Completion, the Board intends to lease out the Properties with a view to generate a steady flow of rental income for the Group.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

One of the principal activities of the Group is property investment. The Board believes that the Acquisition is in line with the investment strategies of the Group and provides an opportunity to expand and diversify its property investment portfolio and generate a steady flow of rental income to the Group. The Board also expects a value appreciation of the Properties in consideration of the current commercial property market.

The Board considers that the terms of the Provisional Agreement (including the deposits arrangement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP, THE PURCHASER AND THE VENDOR**

The Group is principally engaged in property investment, property development, securities investment and loan financing business. The Group currently holds various commercial, industrial and residential properties in Hong Kong, Singapore and the PRC.

Lion Capital is a wholly-owned subsidiary of the Company and is principally engaged in property investment.

The Vendor is a company incorporated in the Cayman Islands with limited liability, which is principally engaged in property investment. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

## **LISTING RULES IMPLICATIONS**

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

A circular containing, among other matters, further details of the Acquisition, other information as required under the Listing Rules and the notice of the SGM to consider and, if thought fit, approve the Acquisition, 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 February 2018.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Acquisition. Therefore, no Shareholder is required to abstain from voting at the SGM.

## **WARNING**

**Completion of the Acquisition is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the section headed "THE PROVISIONAL AGREEMENT – Conditions Precedent in the Provisional Agreement" in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

|                               |   |
|-------------------------------|---|
| “Acquisition”                 | the acquisition of the Sale Interests by the Purchaser from the Vendor pursuant to the Provisional Agreement or (if executed) the Formal Agreement  |
| “Audited Completion Accounts” | the audited consolidated financial statement in respect of the Target Group comprising a statement of comprehensive income of the Target Group for the period from the beginning of the current financial year of the Target Group to the Completion Date |
| “Board”                       | the board of Directors  |



|                                |   |
|--------------------------------|---|
| “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   |
| “Completion”                   | completion of the Acquisition under the Provisional Agreement or (if executed) the Formal Agreement   |
| “Completion Date”              | the date of Completion, which shall take place on 30 April 2018   |
| “Director(s)”                  | directors of the Company  |
| “Formal Agreement”             | has the meaning ascribed to it under the section headed “THE PROVISIONAL AGREEMENT – Formal Agreement” in this announcement   |
| “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(ies)” | a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company  |
| “Lion Capital” or “Purchaser”  | Lion Capital Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company   |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “Net Tangible Assets Value”    | the aggregate of all tangible assets (including but not limited to cash at bank and all deposits and prepayment) of the Target Group which are readily convertible into cash or cash equivalents (excluding the Properties, other fixed assets, intangible assets and deferred tax), less the aggregate of all liabilities (excluding the Sale Loans, loan(s) owing to the mortgagee of the Properties) and provisions of the Target Group as at the Completion Date. |
| “percentage ratios”            | has the meaning ascribed to it under the Listing Rules  |

|                         |   |
|-------------------------|---|
| “Proforma Accounts”     | the proforma management accounts of the Target Group for the period from the beginning of the current financial year of the Target Group to the Completion Date   |
| “Properties”            | all the properties held by the Target Company, including office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12 <sup>th</sup> Floor (with a total gross floor area of approximately 14,500 square feet) and carparking spaces numbers 329, 330 and 331 on the 3 <sup>rd</sup> Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong |
| “Property 1”            | Unit 1201A of Capital Centre, No. 151 Gloucester Road, Hong Kong, being one of the Properties held by the Target Company  |
| “Property 2”            | Unit 1202 of Capital Centre, No. 151 Gloucester Road, Hong Kong, being one of the Properties held by the Target Company   |
| “Provisional Agreement” | the provisional sale and purchase agreement dated 11 January 2018 entered into between the Purchaser and the Vendor in respect of the Acquisition   |
| “Sale Interests”        | the Sale Shares and the Sale Loans  |
| “Sale Loans”            | the shareholders’ loans due and owing by the Target Group to the Vendor at Completion, which amounts to approximately HK\$32,500,000 as at 31 December 2017   |
| “Sale Shares”           | the entire issued share capital of the Target Company   |
| “SGM”                   | the special general meeting of the Company to be convened for the purpose of considering, if thought fit, approving the Provisional Agreement, (if executed) the Formal Agreement and the transactions contemplated under the Provisional Agreement and (if executed) the Formal Agreement  |
| “Share(s)”              | ordinary share(s) of HK\$0.10 each in the share capital of the Company  |
| “Shareholder(s)”        | holder(s) of Shares   |
| “Stock Exchange”        | The Stock Exchange of Hong Kong Limited   |

|                   |  |
|-------------------|--|
| “Subsidiary”      | Best Legend International Holdings Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Target Company                             |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules   |
| “Target Company”  | Empire Sail Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Vendor   |
| “Target Group”    | collectively, the Target Company and the Subsidiary  |
| “Vendor”          | Brilliant Circle Holdings International Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange |

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

Hong Kong, 11 January 2018

*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.*