THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 to the purchaser or transferee or to the bank, 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.

EMINENCE ENTERPRISE LIMITED
高山企業有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 616)

MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL – DISPOSAL BY TENDER OF ENTIRE INTEREST IN CAPITAL CENTRE, NO. 151 GLOUCESTER ROAD, HONG KONG AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out on pages 3 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 Thursday, 6 December 2018 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A proxy form for use at the SGM is enclosed. Whether or not they are able to attend the SGM, Shareholders are requested to complete the enclosed proxy form 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 practicable but in any event not later than 48 hours before the time appointed for holding of the SGM. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish.

20 November 2018

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

"Board"	the board of Directors of the Company
"Company" or "Eminence"	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 (Stoke Code: 616)
"Director(s)"	directors of the Company
"Easyknit"	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange (Stock Code: 1218)
"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
"Intermediate Subsidiaries"	Best Legend International Holdings Limited, a company incorporated in Hong Kong with limited liability, and Empire Sail Limited, the registered owner of the Properties, a company incorporated in the British Virgin Islands with limited liability, each of which is an indirect wholly-owned subsidiary of the Company
"Latest Practicable Date"	14 November 2018 being the latest practicable date for ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Minimum Price"	HK$310 million being the aggregate price below which the Properties will not be sold
"percentage ratios"	the meaning ascribed to it in the Listing Rules

"Possible Disposal"	the possible disposal of the Group's entire interest in the Properties, by sale of the Properties and/or the Intermediate Subsidiaries
"PRC"	the People's Republic of China
"Properties"	all the properties held by the Company through the Intermediate Subsidiaries, including office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 square feet) and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong
"Proposed Mandate"	the proposed mandate to be granted to the Directors to enter into and complete the Possible Disposal by the Shareholders at the SGM
"Remaining Group"	the Group immediately after completion of the Possible Disposal, assuming both Intermediate Subsidiaries are sold
"Remaining Business"	the Group's remaining business immediately after completion of the Possible Disposal
"SGM"	the special general meeting of the Company to be convened to consider and if thought fit approve the Proposed Mandate and the Possible Disposal notice of which is contained in this circular
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares
"sq. ft"	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	the meaning ascribed to it in the Listing Rules
"Tender(s)"	the possible tender(s) of the Properties which is/are expected to take place after the Proposed Mandate is granted
"Vigers"	Vigers Appraisal and Consulting Limited

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)

Independent Non-executive Directors:
Mr. Kan Ka Hon
Mr. Lau Sin Ming
Mr. Foo Tak Ching
Mr. Wu Koon Yin Welly

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

20 November 2018

To the Shareholders

Dear Sir or Madam,

MANDATE FOR POSSIBLE VERY SUBSTANTIAL DISPOSAL – DISPOSAL BY TENDER OF ENTIRE INTEREST IN CAPITAL CENTRE, NO. 151 GLOUCESTER ROAD, HONG KONG

The Company announced the Proposed Mandate for the Possible Disposal on 4 October 2018. The purpose of this circular is to provide further information to Shareholders and to give notice of the SGM.

BACKGROUND

On 11 January 2018 the Group agreed to purchase the Properties for a consideration of HK$295 million (subject to adjustments). That acquisition was approved by Shareholders on 11 April 2018 and completed on 30 April 2018. The Directors consider that it is now in the interest of the Company to dispose of its entire interest in the Properties and are seeking the Proposed Mandate for that disposal by Tender at a Minimum Price which was decided by the Board taking into consideration the professionally-appraised value of the Properties. The Proposed Mandate is being sought to give the Board maximum flexibility in a sale and increase the pool of possible buyers, with a view to maximising the sales price.

CONDITIONS PRECEDENT

The Possible Disposal is conditional upon the Shareholders' approving the Proposed Mandate granting prior authorisation for the sale of the entire interest of the Group in the Properties by Tender at or above the Minimum Price, a successful Tender and a binding agreement or agreements for sale of the Properties being entered into. The Proposed Mandate will remain valid for 12 months after the date of its approval by the Shareholders.

INFORMATION ON THE PROPERTIES

The Properties are located in a prime location of the business district in Wan Chai. Situated in Gloucester Road, the Properties enjoy a 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. The Properties benefit from 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 and comprise office units 01, 02, 03, 05, 06, 07, 08, and 09 (whole floor) on the 12th Floor, with a total saleable area of approximately 11,316 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 following is a summary of the current tenancies. The remainder of the units in the Properties are vacant:–

Properties	Tenancy Agreement Date	Tenant	Term Start	Term End	Rent/month#
Unit 1201A, 12/F, 151 Gloucester Road, HK.	2018/05/01	Brilliant Circle Holdings International Limited	2018/05/01	2020/04/30	HK$256,240.00
Unit 1202, 12/F, 151 Gloucester Road, HK.	2018/05/01	Brilliant Circle Holdings International Limited	2018/05/01	2020/04/30	HK$62,559.00

Management fee, government rent & rates are borne by tenant.

The book value of the Group's interest in the Properties was HK$310 million as at 31 August 2018 and the Group's aggregate acquisition cost of them was approximately HK$295 million. If the Possible Disposal proceeds at the Minimum Price of HK$310 million the Company expects to recognise a gain on disposal of not less than approximately HK$15 million on sale of the Properties. This gain is calculated based on the excess of the Minimum Price over the acquisition price. The actual amount of the gain will depend on the actual sales price.

The net proceeds will be applied as general working capital and for possible acquisitions.

POSSIBLE EFFECT ON EARNINGS

The Group's profit for the year ended 31 March 2018, attributable to Shareholders was approximately HK$54 million. As presented in the unaudited pro forma consolidated statement of profit or loss of the Remaining Group as set out in Appendix V to this circular, had the Proposed Disposal been completed on 1 April 2017 by way of disposal of the Intermediate Subsidiaries at the Minimum Price, the Remaining Group's profit for the year attributable to Shareholders would have been approximately HK$59 million. Details are set out in Appendix V to this circular.

POSSIBLE EFFECT ON NET ASSET VALUE

At 31 March 2018, the Group's total assets and net asset value were approximately HK$4,012 million and HK$2,715 million respectively. As illustrated in the unaudited pro forma consolidated statement of financial position of the Remaining Group set out in Appendix V to this circular, had the Possible Disposal been completed on 31 March 2018 by way of disposal of the Intermediate Subsidiaries at the Minimum Price, total assets of the Remaining Group would have been approximately HK$4,017 million and the net asset value of the Remaining Group would have been approximately HK$2,720 million.

Certain audited financial information regarding the Intermediate Subsidiaries for the period ended 31 December 2016, year ended 31 December 2017 and period ended 30 September 2018 is set out in Appendix IV to this circular. Further information regarding the financial implications of the Possible Disposal on the Group is set out in Appendix V to this circular.

VALUATION

According to a valuation report prepared by Vigers, the market value of the Properties is HK$310 million. For this purpose, "market value" is defined 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".

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL BY TENDER

One of the principal activities of the Group is property investment. The Properties were acquired by the Group earlier this year. In its circular relating to the acquisition the Company said amongst other things that management expected the commercial property market of Hong Kong to be in a rising trend in the future and that the Board intended to lease out the Properties with a view to generate a steady flow of rental income for the Group. The market has changed since then, as discussed below.

It also said in the same circular that the Board expected a value appreciation of the Properties in consideration of the then current commercial property market and that, where opportunity arises in the property market, the Directors may consider divesting all or part of the Group's interest in the Properties. Since then there has been a material change in circumstances. The United States has started a global trade war which has adversely affected equity and financial markets. The Directors believe that liquidity has been and, will continue to be affected, and that interest rates are rising and will continue to do so in the foreseeable future. The real estate sector is not immune from downward trends in the equity and financial markets. The Directors do not expect the trade war to be resolved in the short term and are of the view that the worst is still to come. Adjustments in the real estate sector will be inevitable and the Company will act prudently and swiftly to manage its investment portfolio.

As part of that process, the Directors consider that in light of this, to give the Company maximum flexibility in the sale and also increase the pool of possible buyers it is desirable to sell the Properties by Tender subject to the Minimum Price being paid.

The Board believes that the Possible Disposal is in line with the investment management strategies of the Group and will provide funding for the Group to expand and diversify its property investment portfolio.

The following measures will safeguard the interests in the Possible Disposal of the Company and its Shareholders as a whole:

a. major terms and conditions of the Possible Disposal, except the final consideration, will be disclosed in the Tender documents;

b. the Possible Disposal if it proceeds will be subject to the Minimum Price;

c. the Proposed Mandate is subject to Shareholders' approval; and

d. the details of the Proposed Mandate and the Possible Disposal in this circular are intended to enable Shareholders to make a properly-informed voting decision at the SGM.

TENDER PROCESS

No contract for the Possible Disposal has been executed.

The Company will sell the Properties by open Tender at no less than the Minimum Price for a consideration that is expected to be in cash. As the Minimum Price was decided by the Board taking into consideration the professionally-appraised value of the Properties the Board is satisfied that it is a fair and reasonable price in the interests of the Company and the Shareholders as a whole. In the event there is no successful tenderer, the Company may re-tender or enter into negotiations with any tenderer. The Board will not enter into any arrangements for disposal of interests in the Properties unless it is satisfied that they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If Shareholders approve the Proposed Mandate and Possible Disposal, the Directors' intend to seek one or more buyers for the Group's entire interest in the Properties, by open Tender of the Properties and/or the Intermediate Subsidiaries.

The Tender will be undertaken through the Company's appointed solicitors or a property valuer. The Tender will be an open process in which tenderers will be invited to submit Tenders to the Company for the Properties and/or the Intermediate Subsidiaries and the Company will then decide which, if any, Tender to accept.

If the Tender proceeds, the Company will issue a Tender notice setting out, inter alia:

(i) the Minimum Price;

(ii) the principal terms of the Tender which will include an obligation on applicants to pay at the time of submitting their Tenders a deposit of no less than 10 per cent of their offer prices and that acceptance by the Company will oblige the Company and the successful tenderer to execute an unconditional sale and purchase agreement within 7 days after the winning Tender is selected;

(iii) how long the Tender will remain open for applications – at present this is expected to be 21 days, during which period potential tenderers will be allowed to carry out due diligence reviews;

(iv) the period after close of the Tender for the Company to consider Tenders and notify the winning tenderer, if any, of its decision – at present it is expected that this will be 7 working days; and

(v) qualifications required of potential tenderers – at present it is expected that the only qualification will be that tenderers are Independent Third Parties.

The Company will complete the Possible Disposal within a specified period, at present expected to be 60 days after execution of an unconditional sale and purchase agreement. Under Chapter 14 of the Listing Rules the Possible Disposal is required to be subject to the approval of Shareholders. The Board is seeking the Shareholders' advance approval for the Possible Disposal by grant of the Proposed Mandate.

The Company will not accept any Tender below the Minimum Price and will reserve the right to negotiate with any tenderer and/or to re-tender the Properties and/or the Intermediate Subsidiaries. The Company will not entertain or accept a Tender from any person that is not an Independent Third Party. The final consideration for the Properties will depend on the agreed sales price, but will not be less than the Minimum Price.

In the event the initial Tender is unsuccessful or the sale and purchase with the successful tenderer does not complete, the Company may re-tender its interest in the Properties within the period of the Proposed Mandate.

If and when a sale and purchase agreement for the Possible Disposal has been executed the Company will make an announcement in compliance with the Listing Rules giving all material information about the counterparty and the Possible Disposal that has not previously been given to Shareholders.

FINANCIAL AND TRADING PROSPECTS

If the Group's interest in the Properties is disposed of by a sale of one or more of the Intermediate Subsidiaries the relevant company will cease to be a subsidiary of the Company following the transaction. Whether or not the Intermediate Subsidiaries are sold the Remaining Business will principally be property investment, property development, securities investment and loan financing business.

INFORMATION ON THE GROUP

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.

Each of the Intermediate Subsidiaries is a wholly-owned subsidiary of the Company. Through the Intermediate Subsidiaries the Company is the sole owner of the Properties. The sole material activities of the Intermediate Subsidiaries are investment in the Properties.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios set out in the Listing Rules in respect of the Possible Disposal will exceed 100% based on the Minimum Price, the Possible Disposal will constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Possible Disposal is therefore subject to the reporting, announcement and shareholders' approval requirements.

Because the Possible Disposal will constitute a very substantial disposal, ordinarily the Company would be required to seek Shareholders' approval after it has identified, and entered into a binding contract with, a buyer for the Properties and the contract must be conditional on Shareholder approval. In practice, this means that there is often a material delay, which may be of several months, between contract and completion of sale. For a buyer, there is no certainty that the condition will be satisfied. As a result, the pool of potential buyers and thus the possible sale price for the Properties may be reduced, because buyers are unwilling to commit to, and pay deposits and incur financing and other costs in relation to, contracts that may take some time to complete and may even be terminated, through no fault of their own. The Proposed Mandate will alleviate these problems as an open Tender increases the pool of potential buyers and enables the Company to obtain the best market price for the Properties. With the Proposed Mandate, the Company will be able to transact with certainty and any purchaser of the Properties would not be open to or be deterred by the risk of non-completion. The Proposed Mandate will also enable the Company to react in timely manner to sell the Properties in the event of severe market disruption.

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

WARNING

The Possible Disposal is conditional upon the approval of Shareholders, a successful Tender and a binding agreement for sale being entered into. Accordingly, the Possible Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

SGM

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 Thursday, 6 December 2018 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A proxy form for use at the SGM is enclosed.

Whether or not you are able to attend the SGM, Shareholders are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to Eminence'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 proxy form will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Friday, 30 November 2018 to Thursday, 6 December 2018, both days inclusive. During such period, no transfers of Eminence Shares will be registered. In order to qualify to attend and vote at the SGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with Eminence'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 no later than 4:30 p.m., on Thursday, 29 November 2018.

RECOMMENDATION

The Board considers that the Possible Disposal will be fair and reasonable and in the interest of Eminence 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 Proposed Mandate.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL INFORMATION

The financial information of the Group for each of the years ended 31 March 2016, 2017 and 2018 is disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and Eminence's website at www.eminence-enterprise.com:

- Annual report of Eminence for the year ended 31 March 2016 (http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0715/LTN20160715298.pdf)

- Annual report of Eminence for the year ended 31 March 2017 (http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0615/LTN20170615234.pdf)

- Annual report of Eminence for the year ended 31 March 2018 (http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0622/LTN20180622291.pdf)

2. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available, including internally generated funds and the available credit loan facilities, the Group has sufficient working capital for its requirements for at least twelve months from the date of this circular.

3. INDEBTEDNESS

As at 30 September 2018, the Group had an outstanding principal amount of bank borrowings of approximately HK$1,348 million, which were guaranteed by the Company and secured by changes over certain properties (including the investment properties and the properties held for development for sale with aggregate carrying amounts of approximately HK$616 million and HK$2,711 million respectively) being owned by the Group.

Save as disclosed above and for intra-group liabilities, the Group did not have at the close of business on 30 September 2018 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 Group for the year ended 31 March 2018, the Group will continue focusing its efforts in the development of its existing principal businesses: (1) property investment; (2) property development; (3) securities investment; (4) loan financing business and other potential projects with a view to providing steady returns for its Shareholders.

The financial market in Hong Kong performed well in the first half 2018 while the economy is expected to continue to grow steadily. But since the trade war between US and China, Hong Kong's equity and financial environment will continue to be affected. Interest rates hike will also affect the property market. As the trade war is not expected to be resolved in the near future, the Group is prudently optimistic about the prospects of the property and securities market in Hong Kong.

Having regard to the increasingly challenging business environment and the uncertainties of the prospect of the property in Hong Kong, it is uncertain whether the Group will enjoy further capital appreciation. The Board considers that the Possible Disposal will enable the Group to realise its investment in the Properties at a fair value as part of the Group's portfolio, reduce its risks for better utilization of the Group's resources.

In line with its investment strategy and policy, the Group will continue to identify appropriate investment and divestment opportunities that fit the objective and investment criteria of the Group, and will continue to seek opportunities to replenish its property portfolio. The Board would exercise utmost caution, so as to bring positive impact on the operating and financial results to the Group in the foreseeable future.

5. MATERIAL ADVERSE CHANGE

There has been no material adverse change in the financial or trading position of the Group since 31 March 2018 (being the date to which the latest published audited consolidated financial statements of the Group have been made up) to the Latest Practicable Date.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is the management discussion and analysis of the Group for each of the three financial years ended 31 March 2016, 2017 and 2018 extracted from the published annual report of the company.

YEAR ENDED 31 MARCH 2016

BUSINESS REVIEW

During the year, the Group was principally engaged in the property investment, comprising the ownership and rental of investment properties, property development, garment sourcing and export businesses, securities investment and loan financing business.

Geographical Analysis of Turnover

During the year, the turnover from garment sourcing and export businesses was mainly derived from customers in the US. Rental income from the investment properties were derived from properties located in Hong Kong, Singapore and the People's Republic of China ("**PRC**").

(i) Property Investment

Turnover from the property investment segment increased by 23.5% to HK$23,786,000 for the year ended 31 March 2016 (2015: HK$19,256,000). The increase in turnover is primarily attributed to the addition of the investment properties, the effect of tenancy renewal, periodic rental adjustments under the clauses of the existing tenancy agreements and new tenants.

The additional investment properties are referred to the Company's acquisitions in November 2015 in which a total of 11 properties comprises 6 residential units (3 units in Hong Kong and 3 units in Singapore), 5 industrial units were acquired by the Company for a total consideration of HK$240 million.

The Group has 9 blocks of factory premises and 4 blocks of dormitories with a total gross floor areas of approximately 95,379 sq.m. in Huzhou, PRC.

(ii) Property Development

Project Matheson

The Company had filed an application to the Lands Tribunal in December 2015 for an order to sell all the undivided shares in a building located at Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong aimed at to acquire the last unit ("**Remaining Unit**") of the building for redevelopment purpose. It is in the mediation process between the Company and the owner of the Remaining Unit and the sale order may be granted in late 2016 but it depends on, amongst other things, the response time by the owner of Remaining Unit.

Project Inverness

The Project Inverness is a property development project located at No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. The general building plan and application for the land exchange were submitted to Buildings Department and

Lands Department respectively in January 2016. The foundation work was commenced in January 2016 and is scheduled to be completed in September 2016; the launch of the sale is expected in year 2018.

(iii) Garment Sourcing and Export Businesses

For the year ended 31 March 2016, this segment recorded a turnover of HK$75,208,000 (2015: HK$172,082,000) representing 56.3% decrease comparing with year 2015, and recorded a loss of HK$8,067,000 (2015: loss of HK$3,660,000). This is mainly due to the decrease in sales volume with the major customers, the intensive competition in terms of pricing and transferring of customer orders.

(iv) Securities Investment

The Group has maintained a securities portfolio with a strategy of diversification to reduce effects of price fluctuation of any single securities.

For the year ended 31 March 2016, the Group held trading securities in the amount of HK$5,944,000 as compared to HK$91,557,000 as at 31 March 2015, representing a 93.5% decrease. It was derived from: (1) the disposal of trading securities during the year which had a cost or fair value as at 31 March 2015 of HK$99,532,000; and (2) purchase of trading securities of HK$20,251,000 during the year; and (3) net decrease in market value in the amount of HK$6,332,000 of the trading securities. This segment recorded a loss of HK$11,354,000 during the year (2015: profit of HK$43,853,000).

(v) Loan Financing

For the year ended 31 March 2016, this segment recorded a turnover of HK$4,445,000 (2015: HK$1,151,000) representing 286.2% increase comparing with the year 2015.

FINANCIAL REVIEW

	Year ended 31 March		
	2016	**2015**	**Change**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	103,439	192,489	(89,050)
Gross profit	36,438	37,317	(879)
Gross profit margin	35.2%	19.4%	15.8%
Distribution and selling expenses	(1,762)	(4,582)	2,820
Administrative expenses	(30,429)	(31,181)	752
Finance costs	(15,099)	(6,541)	(8,558)
(Loss) profit before taxation	(61,238)	35,118	(96,356)
Taxation	(8,030)	(4,032)	(3,998)
(Loss) profit for the year and attributable to owners of the Company	(69,268)	31,086	(100,354)
Net (loss) profit margin	(67.0)%	16.1%	(83.1)%
(Loss) earnings per share			
Basic	(HK$0.14)	HK$100.04	(HK$100.18)

Revenue

Group revenue for the year ended 31 March 2016 reduced by 46.3% to HK$103,439,000 compared with last year. The decrease in revenue was largely caused by the decrease in sales volume in garment sourcing and export businesses, which offset the increase in the rental income of property investment segment.

Gross Profit/Margin

Gross profit for this year was HK$36,438,000, a slight decrease of HK$879,000 or 2.4% compared to the HK$37,317,000 in last year. Gross profit margin for this year increased from 19.4% to 35.2%.

Loss before Taxation

Loss before taxation for the year ended 31 March 2016 was HK$61,238,000, as compared with last year profit before taxation of HK$35,118,000. It was mainly due to loss on changes in fair value of investment properties, impairment losses on properties held for development for sale and fair value loss on investment held for trading, bonds and equity linked notes.

Selling and distribution costs declined from HK$4,582,000 to HK$1,762,000, a decrease of 61.5% compared with the last year. It was mainly attributable to the reduction of turnover of garment sourcing and exporting businesses.

Administrative expenses were HK$30,429,000, a slight decrease of 2.4% over last year of HK$31,181,000.

During the year under review, there was an increase of 309.6% in the loss on changes in fair value of investment properties to HK$33,399,000 (2015: loss of HK$8,155,000).

Finance costs was HK$15,099,000, increased by HK$8,558,000 or 130.8% for the year from HK$6,541,000 in 2015, of which HK$8,290,000 is the effective interest expense on convertible notes.

(Loss) Profit Attributable to Shareholders and (Loss) earnings per Share

Loss attributable to shareholders of the Company for the year ended 31 March 2016 was HK$69,268,000, as compared to last year profit of HK$31,086,000. Net loss margin is increased from 67.0% as compared to net profit margin last year of 16.1%.

Taxation charges increased from HK$4,032,000 in last year to HK$8,030,000 in this year.

Basic loss per share for the year 31 March 2016 were HK$0.14 as compared to basic earnings per share HK$100.04 in last year.

Liquidity and Financial Resources

As at 31 March 2016, total assets of the Group amounted to HK$2,574,086,000 (2015: HK$1,919,181,000). In terms of financial resources as at 31 March 2016, the Group's total bank balances and cash was HK$465,279,000 (2015: HK$204,234,000), of which, approximately RMB50 million (equivalent to approximately HK$60 million) was tied up in the PRC as investment capital.

As at 31 March 2016, the capital base has been strengthened because of an aggregate net proceeds of HK$831,000,000 was raised from (1) the completion of issuing the rights shares in April 2015 and November 2015 for a total of HK$326 million and HK$505 million respectively; and (2) the completion of issuing a convertible note in June 2015 ("**2015 Convertible Note**") for a principal amount of HK$86 million.

As at 31 March 2016, the Group has total bank borrowings of HK$100,087,000 (2015: HK$293,925,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity was approximately 0.04 (2015: 0.19). As at 31 March 2016, the Group's current ratio was 9.1 (2015: 5.4).

The Group financed its operation primarily with recurring cash flow generated from its operation, proceeds raised from the capital market and bank financing.

Capital Reorganisation

On 6 August 2015, the Company announced the Board proposed to effect the capital reorganisation (the "**Capital Reorganisation**") involving:

(a) share consolidation: that every ten issued and unissued then existing shares of HK$0.01 each be consolidated into one consolidated share of par value HK$0.10 each (the "**Consolidated Share**");

(b) capital reduction: that (i) the issued share capital of the Company be reduced by the cancellation of the paid-up capital of the Company to the extent of HK$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share be reduced from HK$0.10 to HK$0.01; (ii) the authorised share capital of the Company be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of the Company from HK$0.10 each to HK$0.01 each, resulting in the reduction of the authorised share capital of the Company from HK$200,000,000 divided into 2,000,000,000 Consolidated Shares to HK$20,000,000 divided into 2,000,000,000 ordinary shares of par value HK$0.01 each (the "**Adjusted Shares**"); and (iii) the credit arising from the reduction of the issued share capital of the Company be transferred to the Company's contributed surplus account; and

(c) authorised capital increase: that the authorised share capital of the Company be increased from HK$20,000,000 divided into 2,000,000,000 Adjusted Shares to HK$200,000,000 divided into 20,000,000,000 Adjusted Shares.

Shareholders' approval for the Capital Reorganisation has been obtained at the special general meeting of the Company held on 7 October 2015 and the Capital Reorganisation became effective on 8 October 2015. Further details of the Capital Reorganisation are set out in the Company's circular dated 14 September 2015.

Fund Raising

(i) On 12 June 2015, the Company completed the issue of 2015 Convertible Note in an aggregate principal amount of HK$86,000,000 to Madian Star Limited, an independent third party. The net proceeds of HK$86,000,000 raised from the issue of the 2015 Convertible Note is intended to be applied for the general working capital of the Group.

For the net proceeds, it has been fully utilized for (1) HK$25.7 million for the acquisition of the ground floor of No. 15 Matheson Street, Causeway Bay, Hong Kong; (2) HK$55.9 million for the securities investment; and (3) HK$4.3 million for the settlement of trade payable.

(ii) On 6 August 2015, the Board proposed, upon completion of the Capital Reorganisation, to raise a gross proceeds of HK$510,000,000 by way of the rights issue of 1,063,437,940 rights shares at a subscription price of HK$0.48 per rights share on the basis of twenty rights shares for every one Adjusted Share held on the record date (the "**Rights Issue**").

Independent shareholders' approval for the Rights Issue has been obtained at the special general meeting of the Company held on 7 October 2015 and the dealings of fully paid rights shares was commenced on 9 November 2015. Further details of the Rights Issue are set out in the Company's prospectus dated 14 October 2015.

The net proceeds of the Rights Issue was approximately HK$505 million of which (1) HK$240 million were intended to purchase the sale shares and sale loan of a properties group; (2) HK$139 million for the repayment of bank loan; (3) HK$30 million to be earmarked as deposit for the acquisition of the remaining unit at ground floor of No. 11 Matheson Street, Causeway Bay, Hong Kong or for potential investment; (4) HK$70 million to be applied for the segments of securities investment and loan financing; and (5) the remaining HK$26 million as general corporate purposes.

As at the date of this report, all the net proceeds raised from the Rights Issue have been fully utilised except the amount of HK$30 million earmarked for the acquisition of the remaining unit in Matheson Street has not been utilised. The actual use of the net proceeds is utilized according to the intended use, of which (1) HK$240 million for the purchase of the sale shares and the sale loan of a properties group; (2) HK$139 million for the repayment of bank loan; (3) HK$24.5 million for the securities investment; HK$45.5 million for loan financing business; (4) HK$10.3 million for settlement of trade payable; HK$2 million for daily operating expenses and HK$13.7 million for repayment of bank loans and finance cost.

As at 31 March 2016, the total number of issued ordinary shares of the Company was 1,116,609,837 shares (31 March 2015: 25,319,951 shares).

Details of 2014 Convertible Note

Particulars of the 2014 Convertible Note are summarized as follows:

Holder of the Convertible Note	:	Goodco Development Limited
Outstanding principal amount as at the date of this report	:	HK$20,000,000
Issue date	:	27 March 2014
Maturity date	:	27 March 2019
Conversion price as at the date of this report	:	HK$22.72 (subject to adjustment)

Goodco Development Limited is interested in 363,781,194 shares of the Company, representing approximately 32.58% of the issued share capital of the Company as at the date of this report. 880,281 shares shall be issued by the Company to Goodco Development Limited upon conversion of the 2014 Convertible Note in the aggregate principal amount of HK$20,000,000 in full at the prevailing conversion price of HK$22.72 per share.

Details of 2015 Convertible Note

On 12 June 2015, the Company completed the issue of 2015 Convertible Note in an aggregate principal amount of HK$86,000,000 to Madian Star Limited, an independent third party, at an initial conversion price of HK$0.85 per share.

Pursuant to the adjustment provisions in the terms and conditions of the 2015 Convertible Note, (i) adjustment has been made to the conversion price of the 2015 Convertible Note from HK$0.85 per share to HK$1.81 per share with effect from 14 October 2015 as a result of the Capital Reorganisation and the Rights Issue; (ii) further adjustment was made to the conversion price of the 2015 Convertible Note from HK$1.81 per share to HK$0.33 per share with effect from 7 January 2016 as a result of the entering into the deed of amendment to revise the conversion price and the same was approved by Shareholders on 7 January 2016.

Particulars of the 2015 Convertible Note are summarized as follows:

Holder of the Convertible Note	:	Madian Star Limited
Outstanding principal amount as at the date of this report	:	HK$86,000,000
Issue date	:	12 June 2015
Maturity date	:	12 June 2017
Conversion price as at the date of this report	:	HK$0.33 (subject to adjustment)

Charge on Assets

As at 31 March 2016, the Group had bank loans amounting to HK$100,087,000 (2015: HK$293,925,000) which were secured by the investment properties of the Group with an aggregate net book value of HK$208,196,000 (2015: HK$713,027,000).

Material Acquisitions and Disposals

On 6 August 2015, the Company entered into 4 sets of sale and purchase agreements in relation to the purchase of the sale shares and sale loans of the properties group for a total consideration of HK$240 million from a connected party. The properties group has 11 properties comprises 6 residential units (3 units in Hong Kong and 3 units in Singapore) and 5 industrial units. These transactions were approved by independent Shareholders on 7 October 2015 and the completion date of these transactions was 11 November 2015.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies for the year ended 31 March 2016.

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in US dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2016 (2015: nil).

Capital Expenditure and Capital Commitments

Capital Expenditure

For the year ended 31 March 2016, the Group invested HK$90,000 (2015: HK$183,000) in the purchase of property, plant and equipment, and spent HK$214,936,000 (2015: HK$291,619,000) on addition of investment properties. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

As at 31 March 2016, the Group had capital commitments in respect of capital expenditure contracted for but not provided in respect of investment properties of HK$5,241,000 (2015: HK$764,000).

EMPLOYEES

As at 31 March 2016, the Group had 40 employees (2015: 39). Staff costs (including directors' emoluments) amounted to HK$16,501,000 for the year under review (2015: HK$15,982,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

YEAR ENDED 31 MARCH 2017

BUSINESS REVIEW

During the year, the Group was principally engaged in the property investment, comprising the ownership and rental of investment properties, property development, investment in securities and loan financing business.

Geographical Analysis of Turnover

During the year, rental income from the investment properties were derived from properties located in Hong Kong, Singapore and the People's Republic of China ("**PRC**").

(i) Property Investment

Revenue from the property investment segment increased by 23.5% to HK$29,384,000 for the year ended 31 March 2017 (2016: HK$23,786,000). The increase in turnover is primarily attributed to the addition of the investment properties, the effect of tenancy renewal, periodic rental adjustments under the clauses of the existing tenancy agreements and new tenants.

The Group has 9 blocks of factory premises and 4 blocks of dormitories with a total gross floor areas of approximately 94,351 sq.m. in Huzhou, PRC.

(ii) Property Development

Project Mathewson

The Company had filed an application to the Lands Tribunal in December 2015 for an order to sell all the undivided shares in a building located at Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong aimed at to acquire the last unit ("**Remaining Unit**") of the building for redevelopment purpose. A court order was received in January 2017 relating to the trial of Project Matheson for 8 days in early July 2017.

Project Inverness

The Project Inverness is a residential property development project located at No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. The construction of the superstructure is in progress and is expected to launch of the sale in year 2018.

(iii) Securities Investment

The Group has maintained a securities portfolio with a strategy of diversification to reduce effects of price fluctuation of any securities.

For the year ended 31 March 2017, the Group held trading securities in the amount of HK$4,505,000 as compared to HK$5,944,000 as at 31 March 2016, representing a 24.2% decrease. It was derived from (1) purchase of trading securities of HK$935,000 during the year; and (2) net decrease in market value in the amount of HK$2,374,000 of the trading securities. This segment recorded a loss of HK$14,705,000 during the year (2016: loss of HK$11,354,000).

(iv) Loan Financing

For the year ended 31 March 2017, this segment recorded a revenue of HK$6,939,000 (2016: HK$4,445,000) representing 56.1% increase comparing with the year 2016.

FINANCIAL REVIEW

	Year ended 31 March		
	2017	**2016**	**Change**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	36,518	103,439	(66,921)
Gross profit	36,347	36,438	(91)
Gross profit margin	99.5%	35.2%	64.3%
Distribution and selling expenses	(13)	(1,762)	1,749
Administrative expenses	(32,911)	(30,429)	(2,482)
Finance costs	(19,213)	(15,099)	(4,114)
Loss before taxation	(29,592)	(61,238)	31,646
Taxation	2,965	(8,030)	10,995
Loss for the year and attributable to owners of the Company	(26,627)	(69,268)	42,641
Net loss margin	(72.9%)	(67.0%)	(5.9%)
Basic and diluted loss per share	(HK$0.02)	(HK$0.14)	HK$0.12

Revenue

Group revenue for the year ended 31 March 2017 reduced by 64.7% to HK$36,518,000 compared with last year. The decrease in revenue was largely caused by the gradually cessation of garment sourcing and export business segment.

Gross Profit/Margin

Gross profit for this year was HK$36,347,000, a slight decrease of HK$91,000 or 0.2% compared to the HK$36,438,000 in last year. Gross profit margin for this year increased from 35.2% to 99.5%.

Loss before Taxation

Loss before taxation for the year ended 31 March 2017 was HK$29,592,000, as compared with last year loss before taxation of HK$61,238,000.

Distribution and selling expenses declined from HK$1,762,000 to HK$13,000, a decrease of 99.3% compared with the last year. It was mainly attributable to the reduction of revenue of garment sourcing and export business segment.

Administrative expenses were HK$32,911,000, a slight increase of 8.2% over last year of HK$30,429,000.

During the year under review, there was a decrease of 61.7% in the loss on changes in fair value of investment properties amounting to HK$12,792,000 (2016: loss of HK$33,399,000).

Finance costs was HK$19,213,000, increased by HK$4,114,000 or 27.2% for the year from HK$15,099,000 in 2016, of which HK$11,050,000 (2016: HK$8,290,000) is the effective interest expense on convertible notes.

Loss Attributable to Shareholders and Loss per Share

Loss attributable to shareholders of the Company for the year ended 31 March 2017 was HK$26,627,000, as compared to last year loss of HK$69,268,000. Net loss margin is increased to 72.9% as compared to net loss margin last year of 67.0%.

For this year, the taxation credit was HK$2,965,000 whilst last year was taxation charges for HK$8,030,000.

Basic and diluted loss per share for the year 31 March 2017 were HK$0.02 as compared to basic and diluted loss per share HK$0.14 in last year.

Liquidity and Financial Resources

As at 31 March 2017, total assets of the Group amounted to HK$3,407,650,000 (2016: HK$2,574,086,000). In terms of financial resources as at 31 March 2017, the Group's total bank balances and cash was HK$513,490,000 (including bank deposits with original maturity of more than three months).

As at 31 March 2017, the capital base has been strengthened because an aggregate net proceeds of HK$145.2 million was raised from the placing of new shares and issuing of a convertible note during the year.

As at 31 March 2017, the Group has total bank borrowings of HK$779,700,000 (2016: HK$100,087,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.32 (2016: 0.04). As at 31 March 2017, the Group's current ratio was 3.4 (2016: 9.1).

The Group financed its operation primarily with recurring cash flow generated from its operation, proceeds raised from the capital market and bank financing.

Fund Raising

During the year ended 31 March 2017, the following corporate actions had taken with the aim to strengthen the Group's financial position and prospects, hence, enhance the shareholders' value:

(i) On 1 March 2017, the Company entered into a subscription agreement with Goodco Development Limited as subscriber, a substantial shareholder of the Company, to subscribe the 2017 convertible note ("**2017CB**") issued by the Company for a principal amount of HK$16 million. The 2017CB is a 3% per annum coupon interest for 5 years with the conversion price of HK$0.16 per share. The transaction was approved by the independent shareholders of the Company on 26 April 2017 and the 2017CB certificate was issued on 11 May 2017. The net proceeds is approximately HK$15.5 million which is intended to be applied for general working capital of the Group. As at the date of this report, all the net proceeds have not been utilised yet.

(ii) On 3 January 2017, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has agreed to allot and issue under the specific mandate, and the placing agent has agreed to place 350,000,000 placing shares to independent investors at a placing price of HK$0.16 per share under a specific mandate and it was approved by the independent shareholders of the Company on 13 February 2017. The placing was completed on 27 February 2017 and the entire 350,000,000 placing shares have been successfully placed. The net proceeds is approximately HK$55,440,000 is intended to be applied for the acquisition of the remaining units of the Fung Wah Factorial Building. As at the date of this report, all the net proceeds have not been utilised yet.

(iii) On 13 October 2016, the Company entered into an underwriting agreement with an underwriter and proposed to raise not less than HK$435.6 million and not more than HK$598.3 million by way of the rights issue by issuing not less than 4,685,496,177 rights shares and not more than 5,808,955,200 rights shares at a subscription price of HK$0.103 per rights share on the basis of 3 rights shares for every one share held on the record date. However, the resolution was not passed by the independent shareholders on 15 December 2016 and the proposed rights issue was lapsed.

(iv) On 8 September 2016, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has agreed to allot and issue under the general mandate, and the placing agent has agreed to place 223,000,000 placing shares to independent investors at a placing price of HK$0.18 per share. The placing was completed on 22 September 2016 and the entire 223,000,000 placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK$39.7 million and intended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group. As at the date of this report, all the net proceeds have been fully utilised according to the intended use of which (i) HK$1.0 million for loan financing business; (ii) HK$1.5 million for payment of operating expenses; and (iii) HK$7.0 million for the acquisition of subsidiary; and the balance of HK$30.2 million for the acquisition of property units of Fung Wah Factorial Building.

(v) On 13 July 2016, the Company entered into a subscription agreement with Able Merchant Limited as subscriber, an independent third party, to subscribe the 2016 convertible note ("**2016CB**") issued by the Company for a principal amount of HK$50 million. The 2016CB is a 2% per annum coupon interest for 3 years with the conversion pr ice of HK$0.225. The issuance was completed on 27 July 2016. The net proceeds is approximately HK$50 million which is in tended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group. As at the date of this report, the net proceeds have been fully utilised according to the intended use of which (i) HK$3.4 million for payment of operating expenses; (ii) HK$10.0 million for loan financing business; and (iii) HK$36.6 million for the acquisition of property units of Fung Wah Factorial Building.

NEW SHARES ISSUED

As at 31 March 2017, the total number of issued ordinary shares of the Company was 1,911,832,059 shares (31 March 2016: 1,116,609,837 shares). A total of 795,222,222 new shares were issued during the year.

(i) On 22 September 2016, 223,000,000 new shares were issued at the price of HK$0.18 per share pursuant to the placing agreement entered into with the placing agent on 8 September 2016. Details of the placing agreement are set out in the Company's announcement dated 8 September 2016.

(ii) On 27 February 2017, 350,000,000 new shares were issued at the price of HK$0.16 per share pursuant to the placing agreement entered into with the placing agent on 3 January 2017. Details of the placing agreement are set out in the Company's announcement dated 3 January 2017.

(iii) During the year, 222,222,222 new shares were issued pursuant to the exercise of conversion rights of 2016CB.

DETAILS OF 2016CB AND 2017CB

Details of 2016CB

Particulars of the 2016CB are summarized as follows:

Holder of the 2016CB	:	Able Merchant Limited
Principal amount	:	HK$50,000,000
Issue date	:	27 July 2016
Maturity date	:	26 July 2019
Conversion price	:	HK$0.225 (subject to adjustments)

All the conversion rights attached to 2016CB have been fully exercised by 7 November 2016.

Details of 2017CB

On 1 March 2017, the Company entered into a subscription agreement with Goodco Development Limited, a substantial shareholder of the Company, to subscribe the 2017CB issued by the Company for a principal amount of HK$16 million. The 2017CB is a 3% per annum coupon interest for 5 years with the conversion price of HK$0.16 per share. The transaction was approved by the independent shareholders of the Company on 26 April 2017 and the convertible note certificate was issued on 11 May 2017.

Particulars of the 2017CB summarized as follows:

Holder of the 2017CB	:	Goodco Development Limited
Principal amount	:	HK$16,000,000
Issue date	:	11 May 2017
Maturity date	:	11 May 2022
Conversion price	:	HK$0.16 (subject to adjustments)

As at the date of this report, no exercise of the conversion rights was made since the issue date.

Charge on Assets

As at 31 March 2017, the Group had bank loans amounting to HK$779,700,000 (2016: HK$100,087,000) which were secured by the Group's investment properties and properties held for development for sale with an aggregate net book value of HK$785,873,000 and HK$597,868,000 respectively (2016: HK$208,196,000 and nil).

Material Acquisitions and Disposals

1st Acquisition of FW Building

On 13 June 2016 and 20 June 2016, Skill Master Investments Limited ("**Skill Master**"), a wholly-owned subsidiary of the Company, as purchaser, entered into a sale and purchase agreement and a supplemental agreement with an independent third party to acquire an investment holding company known as Treasure Arts International Limited for a consideration of HK$51,981,900. Its sole assets are having 20 property purchase agreements with the owners of 20 units of Fung Wah Factorial Building of Nos. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong ("**FW Building**"). The acquisition shall pave way for the Group to acquire the remaining 14 property units and then to redevelop the site of the FW Building. Details of the acquisition are set out in the Company's announcement dated 13 June 2016 and 13 July 2016. The transaction was approved by shareholders of the Company on 1 August 2016.

2nd Acquisition of FW Building

On 3 August 2016, Skill Master as purchaser entered into a sale and purchase agreement with an independent third party to acquire an investment holding company known as Daily Leader Limited for a consideration of HK$64,525,000. It sole assets are having 5 property purchase agreements with the owners of 5 units of FW Building. The acquisition shall pave way for the Group to acquire the remaining 9 property units and then to redevelop the site of the FW Building. Details of the acquisition are set out in the Company's announcement dated 3 August 2016. The transaction was approved by the shareholders of the Company on 7 October 2016.

Acquisition of WK Building

On 28 March 2017, Wealth Plan Development Limited, an indirect wholly-owned subsidiary of the Company, as purchaser entered into 17 property purchase agreement with the owners of 18 units and the car parking areas of Wing Cheong Industrial Building ("**WK Building**") of No. 121 King Lam Street, Kowloon. Hong Kong for a consideration of HK$226,053,000. The acquisition shall pave way for the Group to acquire the remaining 6 property units and then to redevelop the site of WK Building. Details of the acquisition are set out in the Company's announcement dated 29 March 2017. A special general meeting of the Company was held on 5 June 2017 and such acquisition was approved by shareholders of the Company.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies for the year ended 31 March 2017.

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The directors considered the risk of exposure to the currency fluctuation to be minimal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2017 (2016: nil).

Capital Expenditure and Capital Commitments

Capital Expenditure

For the year ended 31 March 2017, the Group invested HK$3,558,000 (2016: HK$90,000) in the purchase of property, plant and equipment, and spent HK$14,779,000 (2016: HK$214,936,000) on addition of investment properties. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

As at 31 March 2017, the Group had capital commitments in respect of capital expenditure contracted for but not provided in respect of investment properties of HK$9,842,000 (2016: HK$5,241,000).

EMPLOYEES

As at 31 March 2017, the Group had 42 employees (2016: 40). Staff costs (including directors' emoluments) amounted to HK$15,264,000 for the year under review (2016: HK$16,501,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

YEAR ENDED 31 MARCH 2018

BUSINESS REVIEW

For the year ended 31 March 2018, the Group's revenue amounted to HK$49,605,000 compared to HK$36,518,000 last year, which represented an increase of HK$13,087,000 or approximately 35.8% as compared to last year. There was a profit for the year attributable to the owners of the Company of HK$53,539,000, as compared to a loss for the year attributable to owners of the Company of HK$26,627,000 last year. The profit during the year was mainly due to the gain arising from changes in fair value of investment properties amounting to HK$72,337,000 as compared to a fair value loss of HK$12,792,000 in last year.

The basic and diluted earnings per share amounted to HK2.31 cents and HK2.15 cents respectively for the year ended 31 March 2018, as compared with basic and diluted loss per share of HK1.95 cents and HK1.95 cents respectively for the corresponding period last year. The review of the individual business segments of the Group are set out below.

Property Investment

During the year, the total rental income of the Group recorded HK$33,012,000 (2017: HK$29,384,000), representing a 12.3% increase over the last year. The increase is primarily due to the contributions from newly acquired properties, as well as continued management of tenant mix and rental reversion at major investment properties during the year under review.

Hong Kong

In Hong Kong, the Group owns residential units, commercial units and industrial units with a total carrying amount of HK$1,156,000,000 as at 31 March 2018 (2017: HK$910,903,000). For the year ended 31 March 2018, the Group recorded property rental income of HK$16,516,000 (2017: HK$14,892,000).

Singapore

In Singapore, the Group owns 3 residential units with a total carrying amount of HK$162,456,000 as at 31 March 2018 (2017: HK$142,298,000). For the year ended 31 March 2018, the Group received property rental income of HK$2,719,000 (2017: HK$3,086,000).

*People's Republic of China (the "**PRC**")*

In Huzhou City, Zhejiang Province of the PRC, the Group has 12 blocks of factory premises and 4 blocks of dormitories with a total carrying amount of HK$338,177,000 at 31 March 2018 (2017: HK$267,168,000). For the year ended 31 March 2018, the Group recorded property rental income of HK$13,777,000 (2017: HK$11,406,000).

Property Development

(i) Project Inverness

As at 31 March 2018, the Group wholly owned this development project located at No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. This development project is a residential property with a total gross floor areas ("**GFA**") of approximately 47,000 square feet ("**sq.ft.**"). Construction is expected to be completed in the third quarter of 2018 and is expected to launch of the sale in the second quarter of 2019. This is our last residential development project, the Group will focus on commercial property projects in the future.

(ii) Project Matheson

The Group owns 12 out of 14 units of a non-industrial building at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong (the "**Matheson Building**"). On 29 September 2017, the Group successfully acquired through auction under Chapter 545 of the 2 remaining units of Matheson Building (the "**Remaining Units**").

Following the acquisition of the Remaining Units, the Group had 100% ownership of the Matheson Building with a site area of approximately 2,857 sq.ft.. The whole site is under development construction. Redevelopment is expected to be completed in the third quarter of 2021.

Investment in Securities

During the year under review, the Group has adopted a prudent attitude in its securities investment. The Group had acquired listed securities under held for trading investments and disposed of some shares in the investment portfolio. The Group recorded fair value loss on held-for-trading investments of HK$2,195,000 (2017: HK$2,374,000). The impairment loss on available-for-sale investments was HK$3,406,000 (2017: HK$14,176,000) and greatly reduced as compared with last year. As a result, the Group reported a reduced segment loss of HK$1,316,000 (2017: segment loss of HK$14,705,000) during the year under review. The Group received dividend income from the listed securities under held for trading investments and available-for-sale investments of HK$41,000 and HK$4,496,000 respectively during the year under review. The Group considers that the prospects in respect of the shares still held-for-trading investments are healthy. The Board understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. Also, the Board will closely monitor the performance progress of the investment portfolio from time to time.

At 31 March 2018, the Group held securities for trading investments amounting to HK$3,436,000 (2017: HK$4,505,000). It was derived from (i) the purchase of held for trading investments of HK$2,540,000 during the year under review; and (ii) the securities held for trading investments which had a cost or fair value as at 31 March 2018 of HK$1,414,000; and (iii) net decrease in market value in the amount of HK$2,195,000 of held for trading investments. This value represented an investment portfolio comprising 3 (2017: 4) equity securities which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Available-for-sale investments

The Group also held significant investments under available-for-sale investments as at 31 March 2018 as below:

Company name/ (stock code)	No. of shares held	Approximate percentage held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition	Dividend income for the year ended 31 March 2018	Fair value gain for the year ended 31 March 2018	Fair value at 31 March 2018	Approximate percentage of total assets of the Group at 31 March 2018
		%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	%
Hong Kong Exchanges and Clearing Limited ("**HKEx**") (388) *(Note)*	686,523	0.06	132,434	3,095	40,756	175,063	4.36
Other listed shares*	–	–	31,663	1,401	4,189	32,150	0.80
Grand total:			164,097	4,496	44,945	207,213	5.16

* Other listed shares included 3 companies whose shares are listed on the Main Board of the Stock Exchange.

Note: The Company's shareholders passed a resolution at the special general meeting on 7 March 2018 to grant of disposal mandate of HKEx ("**HKEx Disposal Mandate**") to the Directors for the disposal of all or part of the interests in HKEx for a 12-month period commencing 7 March 2018. During the period from 7 March 2018 and up to the date of this report, the Company did not dispose of any shares in HKEx pursuant to the HKEx Disposal Mandate and therefore, the Group beneficially owns a total of 686,523 shares in HKEx as at the date of this report. Details are set out in the Company's circular dated 12 February 2018.

Loan Financing

During the year, the Group recorded interest income from the loan financing business amounting to HK$16,593,000 (2017: HK$6,939,000), representing approximately 33.5% of the total revenue of the Group. The segment profit of loan financing business was HK$9,208,000 for the year ended 31 March 2018 (2017: HK$6,774,000). The outstanding principal amount of loans receivable as at 31 March 2018 was HK$265,297,000 (2017: HK$264,395,000). During the year under review, the Group did not record any doubtful or bad debt in its loan financing business. The Group will continue to develop in this segment in order to earn a higher interest income.

FINANCIAL REVIEW

	Year ended 31 March		
	2018	**2017**	**Change**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	49,605	36,518	13,087
Gross profit	46,725	36,347	10,378
Gross profit margin	94.2%	99.5%	(5.3%)
Distribution and selling expenses	40	13	27
Administrative expenses	35,525	32,911	2,614
Finance costs	31,373	19,213	12,160
Profit/(loss) before taxation	54,608	(29,592)	84,200
Taxation	(1,069)	2,965	(4,034)
Profit/(loss) for the year and attributable to owners of the Company	53,539	(26,627)	80,166
Net profit/(loss) margin	107.9%	(72.9%)	180.8%
Basic earnings (loss) per share	HK2.31 cents	(HK1.95 cents)	HK4.26 cents
Diluted earnings (loss) per share	HK2.15 cents	(HK1.95 cents)	HK4.10 cents

Revenue

For the year ended 31 March 2018, the Group's revenue increased by 35.8% to HK$49,605,000 as compared with last year which was derived from the increase in the rental income from the property investment business and interest income from the loan financing business.

Gross Profit/Margin

Gross profit of the Group for the year ended 31 March 2018 was HK$46,725,000, representing an increase of approximately 28.6% or HK$10,378,000 as compared to HK$36,347,000 in 2017. Gross profit margin for the year reached approximately 94.2% (2017: 99.5%), representing a decrease of 5.3% percentage over the last financial year, as a result of the increase in cost of services rendered, which contributed a lower gross profit margin.

Profit/Loss before Taxation

Profit before taxation of the Group for the year ended 31 March 2018 was HK$54,608,000, as compared with last year loss before taxation of HK$29,592,000.

Distribution and selling expenses of the Group increased from HK$13,000 to HK$40,000, an increase of 207.7% as compared with the last year.

Administrative expenses of the Group were HK$35,525,000, a slight increase of 7.9% over last year of HK$32,911,000.

During the year under review, there was a gain on changes in fair value of investment properties amounting to HK$72,337,000 (2017: loss of HK$12,792,000).

Finance costs of the Group was HK$31,373,000, increased by HK$12,160,000 or 63.3% for the year from HK$19,213,000 in 2017, of which HK$17,128,000 (2017: HK$11,050,000) is the effective interest expense on convertible notes.

Profit/Loss Attributable to owners of the Company and Earnings/Loss per Share

Profit attributable to owners of the Company for the year ended 31 March 2018 was HK$53,539,000, as compared to last year loss of HK$26,627,000. Net profit margin is 107.9% as compared to net loss margin last year of 72.9%.

For this year, the taxation charge was HK$1,069,000 whilst last year was taxation credit for HK$2,965,000.

Basic and diluted earnings per share for the year 31 March 2018 were HK2.31 cents and HK2.15 cents respectively as compared to basic and diluted loss per share HK1.95 cents in last year 2017.

Liquidity and Financial Resources

At 31 March 2018, total assets of the Group amounted to HK$4,011,917,000 (2017: HK$3,407,650,000). In terms of financial resources as at 31 March 2018, the Group's total bank balances and cash was HK$125,422,000.

At 31 March 2018, the capital base has been strengthened because an aggregate net proceeds of HK$94,280,000 was raised from the placing of new shares and issuing of convertible notes during the year.

At 31 March 2018, the Group has total bank borrowings of HK$1,092,660,000 (2017: HK$779,700,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity, was approximately 0.40 (2017: 0.32). As at 31 March 2018, the Group's current ratio was 3.5 (2017: 3.4).

The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.

Fund Raising Activities

Issue of shares during the year

(1) On 3 July 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 325,000,000 placing shares at a price of HK$0.08 per placing share with the aggregate nominal value of HK$3,250,000 under the refreshed general mandate granted to the Directors by a resolution of the independent shareholders of the Company at the special general meeting of the Company held on 26 April 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were independent third parties. The closing price of the shares on 3 July 2017 was HK$0.08. The placing was completed on 19 July 2017 and the net proceeds (representing net issue price of approximately HK$0.079 per placing share) were approximately HK$25,740,000, which were intended to be used for the acquisition of the Remaining Units of Matheson Building. The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of the Company and its shareholders as a whole. Details of which are set out in the Company's announcements dated 3 July 2017 and 19 July 2017.

(2) On 30 November 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 447,000,000 placing shares at a price of HK$0.055 per placing share with the aggregate nominal value of HK$4,470,000 under the general mandate granted to the Directors by a resolution of the shareholders of the Company at the annual general meeting of the Company held on 24 July 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were independent third parties. The closing price of the shares on 30 November 2017 was HK$0.065. The placing was completed on 21 February 2018 and the net proceeds (representing net issue price of approximately HK$0.054 per placing share) were approximately HK$24,340,000, which were intended to be used for the acquisition of Fung Wah Factorial Building ("**FW Building**"). The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of the Company and its shareholders as a whole. Details of which are set out in the Company's announcements dated 30 November 2017, 20 December 2017, 31 January 2018 and 21 February 2018.

Issue of convertible notes during the year

(1) On 1 March 2017, the Company as an issuer and Goodco Development Limited (the "**Subscriber**"), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit International Holdings Limited, being a substantial shareholder of the Company, as a subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK$16,000,000 (the "**2017CN1**") which

may be converted into 100,000,000 conversion shares at the conversion price of HK$0.16 per conversion share (collectively, the "**Subscription1**"). The interest rate of 3.0% per annum of the 2017CN1 on the outstanding principal amount. The Subscription1 was completed on 11 May 2017 and the maturity date is 11 May 2022. The net proceeds were approximately HK$15,500,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as to HK$9.2 million for repayment of bank loan and interest and HK$6.3 million for payment of general operating expenses. Details of which are set out in the Company's announcements dated 1 March 2017, 28 April 2017 and 11 May 2017 and the Company's circular dated 5 April 2017.

(2) On 7 August 2017, the Company as an issuer and the Subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK$28,200,000 (the "**2017CN2**") which may be converted into 470,000,000 conversion shares at the conversion price of HK$0.06 per conversion share (collectively, the "**Subscription2**"). The interest rate of 3.0% per annum of the 2017CN2 on the outstanding principal amount. The Subscription2 was completed on 26 September 2017 and the maturity date is 26 September 2020. The net proceeds were approximately HK$27,800,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as intended. Details of which are set out in the Company's announcements dated 7 August 2017 and 26 September 2017 and the Company's circular dated 28 August 2017.

On 18 October 2017, the Subscriber exercised its right attached to the 2017CN2 for the amount of HK$16,920,000 to convert 282,000,000 conversion shares of the Company and where are issued and allotted to the Subscriber on the same date.

Previous fund raising activity

During the year, the Company further utilised the net proceeds from the placing took place on 27 February 2017. Updates on the actual use of proceeds during the year are as follows:

Date of announcement	**Event**	**Net proceeds (approximately)**	**Intended use of proceeds**	**Actual use as at 31 March 2018**
3 January 2017	Placing of 350,000,000 shares under specific mandate	HK$55 million	Acquisition of FW Building	Fully applied as intended

Charges of Assets

As at 31 March 2018, the Group had bank loans amounting to HK$1,092,660,000 (2017: HK$779,700,000) which were secured by the Group's investment properties and properties held for development for sale with an aggregate net book value of HK$986,740,000 and HK$1,634,964,000 respectively (2017: HK$785,873,000 and HK$597,868,000).

Material Acquisitions

Acquisition of the Remaining Units of the Matheson Building

Prior to the date of the auction, the Group already owns 12 units out of 14 units of the entire Matheson Building; and the value of the Remaining Units represents 42% of the bidding price. The auction was held on 29 September 2017 and the Group won the bid. Therefore the consideration for the acquisition of the Remaining Units by the Group is HK$185,220,000 (i.e. 42% of the final bidding price), it should be financed partly by internal resources of the Company and partly by bank financing. The completion date for the acquisition took place on 30 October 2017. The Directors have a view that the Matheson Building site will be redeveloped together with an adjacent property already owned by the Company into a new composite commercial building and it shall reap the benefits of scale both in terms of development costs, and future sales or leasing of such properties.

Details of the acquisition are set out in the Company's announcements dated 22 August 2017 and 29 September 2017 and the Company's circular dated 12 September 2017.

Acquisition of FW Building

On 14 August and 15 August 2017, Treasure Arts International Group Limited ("**Treasure Arts**"), an indirect wholly-owned subsidiary of the Company, as the purchaser, entered into an agreement for sale and purchase and a provisional agreement with the respective sellers who are independent third parties respectively, pursuant to which amongst other things, Treasure Arts conditionally agreed to acquire, and the sellers agreed to sell workshop A, 1/F of the FW Building, shares 4/120th undivided shares of the entire FW Building with a total saleable area of approximately 1,910 sq.ft. and workshop D, ground floor of the FW Building, shares 6/120th undivided shares of the entire FW Building with a total sale able area of approximately 1,637 sq.ft. at a total consideration of HK$81,300,000. The completion of the acquisition took place in mid-November 2017.

On 20 November 2017, Treasure Arts as the purchaser, entered into an agreement for sale and purchase agreement with the sellers who are independent third parties respectively, pursuant to which amongst other things, Treasure Arts conditionally agreed to acquire, and the sellers agreed to sell workshop space A1, ground floor of the FW Building at a total consideration of HK$53,000,000. The property was divided into 3 portions, portion-1 and protion-2 are leased with tenancies and protion-3 is self-occupied by the sellers. In addition, Chan Kai Wah and Chan Choi Fong as the licensee shall have the rights after the completion date to take up a licence to occupy Portion-3 for a monthly license fee of HK$30,000 (inclusive of rates, Government rent and management fees and payment of HK$116,790, payable every 3 months, being temporary waiver for change of land user) until 30 June 2018 and the licensee further has the option to extend the licence period to 31 December 2018. The property is currently on lease for HK$61,100 per month (inclusive of government rent and management fees, exclusive of other outgoings), amount of deposit held under the tenancy agreements was HK$122,200 and currently used for commercial purpose. The completion of the acquisition took place on 9 February 2018.

Details of the acquisitions are set out in the Company's announcements dated 16 August 2017, 29 September 2017 and 23 November 2017 and the Company's circulars dated 29 September 2017 and 4 January 2018.

Acquisition of Wing Cheong Building

On 28 March 2017, the Group through Wealth Plan Development Limited ("**Wealth Plan**"), an indirect wholly-owned subsidiary of the Company, entered into the 17 provisional agreements with each of the 17 vendors, which are independent third parties, pursuant to which Wealth Plan has agreed to acquire the respective properties from the relevant vendors for an aggregate cash consideration of HK$226,052,500. The properties included 18 industrial units and 2 car park units of the Wing Cheong Building (collectively, the "**Wing Cheong Properties**") and 11 units of the Wing Cheong Properties are subject to the tenancy agreements that by the terms may still be in force as at 28 March 2017. Such tenancies would be expired between April 2017 and April 2020. The acquisition of the Wing Cheong Properties took place on 28 June 2017.

Details of which are set out in the Company's announcement dated 29 March 2017 and the Company's circular dated 12 May 2017.

Acquisition of Capital Centre

On 11 January 2018, Lion Capital Investment Limited ("**Lion Capital**"), a wholly-owned subsidiary of the Company, entered into the provisional agreement with Brilliant Circle Holdings International Limited, a company incorporated in the Cayman Islands with limited liability and the shares are listed on the Main Board of the Stock Exchange (stock code: 1008), as vendor (the "**Vendor**"), pursuant to which (i) Lion Capital has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the sale interests (the "**Sale Interests**") (comprising the entire issued share capital of Empire Sail Limited (the "**Target Company**" and its subsidiaries, collectively, the "**Target Group**"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor and the shareholders' loan due and owing by the Target Group to the Vendor and Vendor's subsidiaries amounted to approximately HK$221 million (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 Unit 1201A of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "**Property 1**") and Unit 1202 of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "**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 Target Company owned the office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 sq.ft.) and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong. The acquisition of the Target Group took place on 30 April 2018.

Details of which are set out in the Company's announcement dated 11 January 2018 and the Company's circular dated 15 March 2018.

Save as disclosed above, the Group had no material acquisitions of subsidiaries or associated companies during the year.

Exposure on Foreign Exchange Fluctuations

Most of the Group's revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The Directors considered the risk of exposure to the currency fluctuation to be minimal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2018 (2017: nil).

Capital Expenditure and Capital Commitments

Capital Expenditure

For the year ended 31 March 2018, the Group invested HK$1,433,000 (2017: HK$3,558,000) in the purchase of property, plant and equipment, and spent HK$201,710,000 (2017: HK$13,778,000) on addition of investment properties. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

Capital Commitments

As at 31 March 2018, the Group had capital commitments in respect of capital expenditure contracted for but not provided in respect of investment properties of HK$265,975,000 (2017: HK$9,842,000).

EMPLOYEES

As at 31 March 2018, the Group had 46 employees (2017: 42). Staff costs (including directors' emoluments) amounted to HK$17,065,000 for the year under review (2017: HK$15,264,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

PROSPECTS

Hong Kong's property market is expected to grow on the back of a healthy economy, rising confidence in economic growth and continuous inflow of foreign capital. Driven by strong investment appetite and abundant liquidity, property prices continue to beat market expectation in 2017 and expect to move up moderately in 2018 although buyer's sentiment may be affected by the advent of the U.S. interest rate upcycle. Office market will continue to benefit from a strong GDP growth and optimistic business outlook by major industries while the high rental cost will make the companies look for alternative solutions in emerging business districts. As for the industrial market, the new revitalization policy will further enhance the industrial property values which will attract new investments. The Group expects rising demand and shortage in the supply of newly built commercial buildings in Hong Kong for the near future. The Group will proactively look for feasible development projects to richen the Group's land bank and launch property project(s) into the market with an accurate product positioning as well as effective sales and marketing strategy.

Through the fund raising activities in the capital market, the Group has successfully raised funds for property development projects and general working capital with relatively low financing cost as compared with bank financing.

The Group remains optimistic about the property market in Hong Kong which is expected to grow steadily and will place emphasis on strengthening the property development and investment businesses by enhancing efficiency and diversifying the development project portfolio to include various types of commercial properties in prime locations. This will ensure the Group and work to the best interest of the Group and its shareholders as a whole.

The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Properties to be disposed of by the Group as at 19th September 2018.

Vigers Appraisal and Consulting Limited
International Property Consultants
27/F Standard Chartered Tower,
Millennium City 1, 388 Kwun Tong Road, Kowloon, Hong Kong
Tel: (852) 6651-5330 E-mail: gp@vigers.com
www.vigers.com

VIGERS
威格斯

21st September 2018

The Board of Directors
Eminence Enterprise Limited

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

Dear Sirs,

In accordance with your instruction for us to value the Property to be disposed by a wholly-owned subsidiary of "**Eminence Enterprise Limited**" (referred to as "the Company" and collectively referred to as "the Group"), we confirm that we have inspected part of the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 19th September 2018 (the "Valuation Date").

BASIS OF VALUE

Our valuation is our opinion of market value of the Property which is defined 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 prepared in accordance with "The HKIS Valuation Standards (2017 Edition)" published by "The Hong Kong Institute of Surveyors" ("HKIS"), "RICS Valuation – Global Standards 2017" published by the "Royal Institution of Chartered Surveyors" ("RICS"), relevant provisions in the Companies Ordinance and the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (Main Board) published by "The Stock Exchange of Hong Kong Limited" ("HKEx").

VALUATION APPROACH

In our valuation, we have valued the tenanted portions of the Property on the basis of capitalisation of net rental income derived from the existing tenancies with allowance onto the reversionary interest of the Property and made reference to comparable market transactions. In valuing the portions of Property which are vacant, we have employed the direct comparison method whereby comparisons based on transactions on actual sales of comparable property have been made. Comparable property with similar character, location, sizes and so on are analyzed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of values.

TITLE INVESTIGATIONS

We have conducted land searches at the Land Registry but we have not searched the original documents to ascertain ownership nor to verify any lease amendments which may not appear on the copies handed to us. All documents have been used for reference purposes and all dimensions, measurements and areas are therefore approximations.

VALUATION CONSIDERATION

On-site inspection to part of the Property was carried out by Mr. Jeff M.C. LIU *BSc (Hons)* on 11th September 2018. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approvals or statutory notices, easements, land-use rights, floor areas, occupancy status and in the identification of the Property.

Unless otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on the information contained in the documents provided to us by the Group and are therefore approximations. We have had no reason to doubt the truth and accuracy of the information made available to us and we have been advised by the Group that no material facts have been omitted from the information so given.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state but without the effect of any deferred term contract, leaseback, management agreement or any other similar arrangement which may serve to affect the value of the Property, unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner(s) of the Property has free and uninterrupted rights to use and assign the Property during the whole of the unexpired land-lease term granted subject to the payment of usual Government Rent.

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development or to be erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory. In our valuation, we have also assumed that all necessary consents, approvals and licences from relevant government authorities have been or will have been granted for any property development erected or to be erected on the Property.

Our market value assessment of the Property is the value estimated without regard to costs of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Property has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which may serve to affect the value of the Property.

Unless otherwise stated, all monetary amounts stated herein are denoted in the currency of Hong Kong Dollars ("HK$"), the lawful currency of Hong Kong.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

David W. I. CHEUNG
MRICS MHKIS RPS(GP) CREA
RICS Registered Valuer
Executive Director

Eric W. L. TANG
MRICS
RICS Registered Valuer
Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 35 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 11-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 15 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 10-year of experience with Vigers Appraisal and Consulting Limited.

PROPERTY VALUATION REPORT

Property to be disposed by the Group

The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
Office Unit Nos. 01, 02, 03, 05, 06, 07, 08 and 09 on 12th Floor and Car Parking Space Nos. 329, 330 and 331 on 3rd Floor, Capital Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong (The "Property") All those 88.5/2119th shares or parcels of ground known and registered at the Land Registry as in The Remaining Portion of Section A of Inland Lot No. 2755 and The Remaining Portion of Inland Lot No. 2755.	Completed in 1982, Capital Centre (the "Development") is located at the junction of Gloucester Road and Tonnochy Road in Wan Chai district on the Hong Kong Island. The Development comprises a 25-storey office building erected over 3 storey car parking and commercial podium as well as a basement. Upon our inspection and according to the information provided by the Group, the Property comprises the whole of the 12th Floor which were originally divided into 8 office units with provision of the common areas and are now repartitioned into 5 office units with a total saleable area of approximately 1,051.2918 square metres (or 11,316 square feet); as well as and 3 car parking spaces on the 3rd Floor of the Development. Please refer to Note 3. below for further details. The Development is held under Government Lease for a term of 99 years from 14th April 1928 renewed for a further lease term of 99 years.	According to the information provided by the Group, Office unit 1201a and 1202 of the Property are let at an aggregate monthly rent of approximately HK$318,799 with last expiry date 30th April 2020; and the remainder of the property is vacant.	HK$310,000,000

Note:

1. Pursuant to the recent land registration record, the current registered owner of the Property is EMPIRE SAIL LIMITED vide Memorial No. 16062401900035 dated 27th May 2016.

2. Pursuant to the recent land registration record, the Property is subject to the following salient encumbrances:

Property	:	Encumbrances
Office Portion	:	1. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3575200 dated 20th November 1987;
		2. Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. UB6012366 dated 18th May 1994;
		3. Sub Deed of Mutual Covenant vide Memorial No. UB7324334 dated 22nd October 1997;
		4. Re-registration of Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. 05101402110018 dated 18th May 1994;
		5. Memorandum of Change of Name vide Memorial No. 17082802190214 dated 21st August 2017;
		6. Debenture and Mortgage in favor of Hang Seng Bank Limited vide Memorial No. 18051002470087 dated 30th April 2018;
Car Parking Space Portion	:	1. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB3575200 dated 20th November 1987;
		2. Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. UB6012366 dated 18th May 1994;
		3. Re-registration of Supplemental Deed of Mutual Covenant and Management Agreement in favour of National Mutual Property Management Company Limited "The CP Manager" vide Memorial No. 05101402110018 dated 18th May 1994;
		4. Memorandum of Change of Name vide Memorial No. 17082802190214 dated 21st August 2017;
		5. Debenture and Mortgage in favor of Hang Seng Bank Limited vide Memorial No. 18051002470087 dated 30th April 2018.

3. According to the Deed of Division vide Memorial No. UB7324333 dated 22nd October 1997 ("the Deed"), the Office Portion of the Property was divided into Office Units 01, 07, 08 and 09, and Office Units 02, 03, 05 and 06, with provision of the common area for such office units which are intended to be used by their co-owners for the time-being. The common area comprise Corridor, Lift Lobby and Lavatories.

   Pursuant to the specific instruction by the Group, we have assessed the Office Portion of the Property assuming sold as a whole floor, i.e., its original layout before the above-mentioned division as shown on the 6th-14th Floor Plan annexed to the Assignment vide Memorial No. 3575198 and re-registered vide Memorial No. 4321073 dated 20th November 1987 with a saleable area of approximately 1,051.2918 square metres (or 11,316 square feet).

4. The Property falls within the area zoned "Commercial" on Draft Wan Chai Outline Zoning Plan No. S/H5/28 ("The Outline Zoning Plan") exhibited on 4th May 2018. This zone is intended primarily commercial developments, which may include uses such as office, shop, services, place of entertainment, eating place and hotel, functioning as territorial business/financial centre(s) and regional of district commercial/shopping centre(s). These areas are usually employment nodes.

5. The Development is located at the junction between Gloucester Road and Tonnochy Road in Wan Chai district on the Hong Kong Island. The locality is an office area dominated by a number of grand office buildings of various age. The accessibility is considered to be reasonable facilitated by public transportation such as buses, tram, light buses and taxis well served. The MTR-Wan Chai Station is located with 5 minutes' walk away from the Development.

6. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. Comparable properties with similar character, location, size and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value. The unit rates of comparable transactions are in the range of about HK$21,075 to HK$39,150 per square foot for whole floor office units and about HK$1,550,000 to HK$2,450,000 per car parking space for car parking portion. Our valuation falls within these ranges.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE INTERMEDIATE SUBSIDIARIES

Empire Sail Limited is an investment holding company and holds 100% beneficial interest in the Properties and also owns 100% shareholding interest in Best Legend International Holdings Limited. Save as disclosed, the Intermediate Subsidiaries have no other financial interest as at 31 March 2018. Set out below is the management discussion and analysis on the Intermediate Subsidiaries as at 30 September 2018.

Financial and Business Review

The principal activity of Empire Sail Limited is the holding of the Properties. Empire Sail Limited received rental fee income of HK$1,606,240 for the nine (9) months ended 30 September 2018. Best Legend International Limited is a dormant company.

Capital Structure, Financial Resources and Liquidity

The net asset value of Intermediate Subsidiaries as at 30 September 2018 was HK$86,501,140 and its material assets are the Properties. The non-current asset was HK$310,000,000. The current liability consists of a shareholder's loan of HK$223,023,809. Empire Sail Limited financed its operation mainly by loans from its shareholder. All loans are unsecured and interest free.

Business Strategies and Future Prospects

Other than investment in the Properties, there were no other businesses of the Intermediate Subsidiaries as at 30 September 2018.

Capital Commitment

The Intermediate Subsidiaries did not have any significant capital commitment as at 30 September 2018.

Significant Investments

Empire Sail Limited holds 100% beneficial interest in the Properties. Other than the investment in the Properties, there was no significant investment held by the Intermediate Subsidiaries as at 30 September 2018.

Acquisition or Disposal of Subsidiary

Empire Sail Limited holds a 100% shareholding interest in the Best Legend International Holdings Limited and there was no acquisition or disposal of subsidiary between 30 April 2018 and as at 30 September 2018.

Employees and Staff Policy

Empire Sail Limited is an investment holding company and had no employee as at 30 September 2018.

Pledge of Assets

The Properties have been pledged by Empire Sail Limited to a bank for securing the general banking facilities granted to its shareholder, being the immediate holding company of the Empire Sail Limited, as at 30 September 2018.

Future Plans for Material Investments or Capital Assets

As at 30 September 2018, Empire Sail Limited holds 100% beneficial interest in the Properties and there was no future plan for any material investments or capital assets.

Gearing Ratio

As at 30 September 2018, the gearing ratio of the Intermediate Subsidiaries expressed in total bank borrowings as a percentage of net assets was 0%.

Foreign Exchange Exposure

The business operation of the Intermediate Subsidiaries is being conducted in Hong Kong and all of the Intermediate Subsidiaries' monetary assets and liabilities are denominated in Hong Kong dollars. Therefore, there are no foreign exchange rate risks.

Contingent Liabilities

As at 30 September 2018, the Intermediate Subsidiaries did not have any significant contingent liabilities.

The following is the text of an independent reporting accountant report received from Cosmos CPA Limited, in respect of the historical financial information of the Intermediate Subsidiaries prepared for the purpose of incorporation in this circular.

COSMOS CPA LIMITED
華恩會計師事務所有限公司

Suite F, 14th Floor, Neich Tower
128 Gloucester Road
Wanchai
Hong Kong

20 November 2018

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,

Introduction

We report on the historical financial information of Empire Sail Limited ("**ESL**") and its subsidiary of Best Legend International Holdings Limited (together, the "**ESL Group**") set out on pages IV-4 to IV-32, which comprises the consolidated statements of financial position as at 31 December 2016, 31 December 2017 and 30 September 2018 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the period from 22 May 2015 (date of incorporation) to 31 December 2016, year ended 31 December 2017 and nine months ended 30 September 2018 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages IV-4 to IV-32 forms an integral part of this report, which has been prepared for inclusion in the circular of Eminence Enterprise Limited (the "**Company**") dated 20 November 2018 (the "**Circular**") in connection with the Company's Possible Very Substantial Disposal – Disposal by Tender of Entire Interest in Capital Centre, No. 151 Gloucester Road, Hong Kong.

Directors' Responsibility for the Historical Financial Information

The directors are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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 the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of ESL's and the ESL Group's financial position as at 31 December 2016, 31 December 2017 and 30 September 2018 and of the ESL Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the ESL Group which comprises statements of consolidated profit or loss and other comprehensive income, changes in equity and cash flows for the nine months ended 30 September 2017 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note II to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page IV-9 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by ESL in respect of the Relevant Periods.

Yours faithfully,
Cosmos CPA Limited
Certified Public Accountants
NG Lai Man Carmen
Practising Certificate Number P03518

Hong Kong
20 November 2018

I. HISTORICAL FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Nine months ended 30 September 2018**	**Nine months ended 30 September 2017**	**Year ended 31 December 2017**	**Period from 22 May 2015 (date of incorporation) to 31 December 2016**
		HK$	*HK$*	*HK$*	*HK$*
			(unaudited)		
REVENUE	*7*	1,606,240	90,000	120,000	160,000
Other income – Sundry income		19,255	9,500	–	9,700
General and administrative expenses		(10,685,529)	(10,196,886)	(12,147,907)	(10,847,879)
Finance costs	*8*	(2,642,453)	–	–	–
LOSS BEFORE TAX	*9*	(11,702,487)	(10,097,386)	(12,027,907)	(10,678,179)
Income tax expenses	*11*	–	–	–	(800,146)
Net loss for the period/year attributable to owners of the company		(11,702,487)	(10,097,386)	(12,027,907)	(11,478,325)
OTHER COMPREHENSIVE INCOME					
Items that may be reclassified subsequently to profit or loss:					
Change in carrying amount and fair value of investment properties on transfer from property, plant and equipment	*15*	121,709,084	–	–	–
Other comprehensive income for the period/year		121,709,084	–	–	–
Total comprehensive income/(expense) for the period/year attributable to owners of the company		110,006,597	(10,097,386)	(12,027,907)	(11,478,325)
BASIC LOSS PER SHARE	*12*	(117,025)	(100,974)	(120,279)	(114,783)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**30 September 2018** *HK$*	**31 December 2017** *HK$*	**31 December 2016** *HK$*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	–	197,937,336	212,544,893
Investment properties	*15*	310,000,000	–	–
Total non-current assets		310,000,000	197,937,336	212,544,893
CURRENT ASSETS				
Amount due from former ultimate holding company	*16*	–	284,675	193,575
Deposits paid and prepayments		172,547	164,475	164,475
Total current assets		172,547	449,150	358,050
CURRENT LIABILITIES				
Amount due to immediate holding company	*17*	(223,023,809)	–	–
Amount due to a former fellow subsidiary	*18*	–	(221,052,797)	(223,543,952)
Other payables and accruals		(10,000)	(39,000)	(36,395)
Rental deposit received		(637,598)	–	–
Tax payable		–	(800,146)	(800,146)
Total current liabilities		(223,671,407)	(221,891,943)	(224,380,493)
NET CURRENT LIABILITIES		(223,498,860)	(221,442,793)	(224,022,443)
Net assets/(liabilities)		86,501,140	(23,505,457)	(11,477,550)
EQUITY/(DEFICIENCY IN ASSETS)				
Share capital	*19*	775	775	775
Property revaluation reserve		121,709,084	–	–
Accumulated losses		(35,208,719)	(23,506,232)	(11,478,325)
Total equity/(deficiency in assets)		86,501,140	(23,505,457)	(11,477,550)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital *HK$*	Property revaluation reserve *HK$*	Accumulated losses *HK$*	Total *HK$*
Issue of shares upon incorporation	775	–	–	775
Net loss and total comprehensive expense for the period from 22 May 2015 (date of incorporation) to 31 December 2016	–	–	(11,478,325)	(11,478,325)
At 31 December 2016 and 1 January 2017	775	–	(11,478,325)	(11,477,550)
Net loss and total comprehensive expense for the year ended 31 December 2017	–	–	(12,027,907)	(12,027,907)
At 31 December 2017 and 1 January 2018	775	–	(23,506,232)	(23,505,457)
Net loss for the nine months ended 30 September 2018	–	–	(11,702,487)	(11,702,487)
Change in carrying amount and fair value of investment properties on transfer from property, plant and equipment	–	121,709,084	–	121,709,084
At 30 September 2018	775	121,709,084	(35,208,719)	86,501,140
At 1 January 2017	775	–	(11,478,325)	(11,477,550)
Net loss and total comprehensive expense for the nine months ended 30 September 2017 (unaudited)	–	–	(10,097,386)	(10,097,386)
At 30 September 2017 (unaudited)	775	–	(21,575,711)	(21,574,936)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Year ended 31 December 2017	Period from 22 May 2015 (date of incorporation) to 31 December 2016
		HK$	*HK$* (unaudited)	*HK$*	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(11,702,487)	(10,097,386)	(12,027,907)	(10,678,179)
Adjustments for:					
Depreciation	*9 & 14*	2,296,036	5,826,663	7,768,884	10,796,013
Loss on disposal of property, plant and equipment	*9*	7,350,384	4,338,673	4,338,673	–
Finance costs	*8*	2,642,453	–	–	–
Operating profit before changes in working capital		586,386	67,950	79,650	117,834
Decrease/(increase) in amount due from former ultimate holding company		284,675	(61,700)	(91,100)	(193,575)
Decrease/(increase) in deposits paid and prepayments		(8,072)	–	–	56,867
Increase/(decrease) in other payables and accruals		(29,000)	(15,095)	2,605	26,695
Increase in rental deposit received		637,598	–	–	–
Cash generated from/(used in) operations		1,471,587	(8,845)	(8,845)	7,821
Hong Kong Profits Tax paid		(800,146)	–	–	–
Net cash flows generated from/(used in) operating activities		671,441	(8,845)	(8,845)	7,821
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for purchase of items of property, plant and equipment		–	–	–	(17,440,906)
Acquisition of assets through acquisition of a subsidiary	*23*	–	–	–	(206,111,642)
Net cash flows used in investing activities		–		–	(223,552,548)

	Notes	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Year ended 31 December 2017	Period from 22 May 2015 (date of incorporation) to 31 December 2016
		HK$	*HK$* (unaudited)	*HK$*	*HK$*
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares upon incorporation		–	–	–	775
Decrease in amount due to immediate holding company		(1,274,994)	–	–	–
Increase in amount due to a former fellow subsidiary		603,553	8,845	8,845	223,543,952
Net cash flows generated from/(used in) financing activities		(671,441)	8,845	8,845	223,544,727
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		–	–	–	–
Cash and cash equivalents at beginning of period/year		–	–	–	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD/YEAR		–	–	–	–
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and bank balances		–	–	–	–

II. NOTES ON THE HISTORICAL FINANCIAL INFORMATION

1. General

Empire Sail Limited ("**ESL**") is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. During the Relevant Periods, the principal activity of the ESL and its subsidiary (together the "**ESL Group**") was property holding to earn licence fee/rental income, and the properties owned by the ESL Group are located at Capital Centre at No. 151 Gloucester Road in Hong Kong (together referred to as "**Properties**") with information set out below:

– Office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 square feet); and

– Car parking spaces numbers 329, 330 and 331 on the 3rd Floor.

On 11 January 2018, Lion Capital Investment Limited ("**Lion Capital**", a company incorporated in the British Virgin Islands with limited liability) agreed to purchase, through the acquisition of the entire issued capital of ESL from Brilliant Circle Holdings International Limited (Stock code: 1008) ("**BCHIL**", a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 1008)) and the loans owed by the ESL Group to BCHIL and its subsidiaries, the Properties for a consideration of HK$295 million (subject to adjustments). That acquisition was completed on 30 April 2018.

Lion Capital is a wholly-owned subsidiary of Eminence Enterprise Limited (the "**Company**"; Stock code: 616), a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited.

At 30 September 2018, the directors considered Lion Capital and the Company to be the respective immediate holding company and the ultimate holding company of ESL.

2. Basis of preparation of Historical Financial Information

The Historical Financial Information in this report was prepared based on the audited financial statements of the ESL Group for the period from 22 May 2015 (date of incorporation) to 31 December 2016 and year ended 31 December 2017; and the audited completion accounts of the ESL Group for the four months ended 30 April 2018 (collectively the "**Previously Issued Financial Statements**") and the unaudited management accounts of the ESL Group for the nine months ended 30 September 2018 ("**Underlying Financial Statements**"). The Previously Issued Financial Statements were audited by Lee, Au & Co., Certified Public Accountants, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard or Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, the ESL Group has, throughout the Relevant Periods, consistently adopted Hong Kong Accounting Standards ("**HKASs**"), Hong Kong Financial Reporting Standards ("**HKFRSs**"), amendments and interpretations.

The Historical Financial Information is presented in Hong Kong dollars ("**HK$**" or "**HKD**") and all values are rounded to the nearest dollar except when otherwise indicated.

At the end of the Relevant Periods, the ESL Group has net current liabilities. The Company has agreed to continuously provide adequate funds to the ESL Group to meet in full its financial obligations as they fall due for the foreseeable future, the directors are therefore confident that the ESL Group 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. Accordingly, the Historical Financial Information have been prepared on a going concern basis.

3. Application of new and revised HKFRSs

The ESL Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Investments in Associates and Joint Venture[1]
HK(IFRIC)-Interpretation 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of new and revised HKFRSs will have no material impact on the ESL Group's future consolidated financial statements.

4. Significant accounting policies

The Historical Financial Information has been prepared under historical cost basis except for investment properties which are measured at fair value at the end of the Relevant Periods 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 ESL Group 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 consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based payments", 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".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

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 measurement 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.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of ESL and its subsidiary. Control is achieved when ESL:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The ESL Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the ESL Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The ESL Group considers all relevant facts and circumstances in assessing whether or not the ESL Group's voting rights in an investee are sufficient to give it power, including:

- the size of the ESL Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the ESL Group or other vote holders;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the ESL Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the ESL Group obtains control over the subsidiary and ceases when the ESL Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the ESL Group gains control until the date when the ESL Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the ESL Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the ESL Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the ESL Group, liabilities incurred by the ESL Group to the former owners of the acquiree and the equity interests issued by the ESL Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the ESL Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition-date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Acquisition of a subsidiary not constituting a business

When the ESL Group acquires a group of assets that do not constitute a business, the ESL Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the ESL Group and when specific criteria have been met for each of the ESL Group's activities, as described below:

– Licence fee income is recognised when the relevant services are rendered; and

– ESL Group's policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

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.

ESL Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the ESL Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the ESL Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset. Other than investment properties measured under fair value model, such costs are recognised as an expense on a straight-line basis over the lease term.

Interest and rental income which are derived from the ESL Group's ordinary course of business are presented as revenue.

Borrowing costs

Borrowing costs not attributable to qualifying assets are recognised in profit or loss in the Relevant Periods 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 Periods 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 Periods.

Taxation

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

The tax currently payable is based on taxable profit for the Relevant Periods. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The ESL Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the ESL Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods 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 Periods.

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

For the purposes of measuring deferred tax 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.

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. When current or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the ESL Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and account for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Financial assets

(a) Classification

The ESL Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flow.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the ESL Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the ESL Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the ESL Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the ESL Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the ESL Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive is reclassified from equity to profit or loss and recognised in "Other gains/(losses), net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains/(losses), net".

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within "Other gains/(losses), net" in the period in which it arises.

(ii) Equity instruments

The ESL Group subsequently measures all equity investments at fair value. Where the ESL Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the ESL Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in "Other gain/(losses), net" in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment of financial assets

The ESL Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through other comprehensive income and trade receivables and contract assets that contain significant financing component. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Impairment on these financial assets are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The ESL Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each Relevant Periods. To assess whether there is a significant increase in credit risk the ESL Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in external credit rating of the debtors
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the ESL Group and changes in the operating results of the borrower

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less after the end of the Relevant Periods (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of non-financial assets

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that may be impaired. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Related parties

A party is considered to be related to the ESL Group 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 ESL Group;
- (ii) has significant influence over the ESL Group; or
- (iii) is a member of the key management personnel of the ESL Group or of a parent of the ESL Group;

or

(2) the party is an entity where any of the following conditions applies:

- (i) the entity and the ESL Group 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 ESL Group 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 ESL Group or an entity related to the ESL Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (1);

(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); and

(viii) the entity, or any other member of a group of which it is a part, provides key management personnel services to the ESL Group or to the parent of ESL.

5. Critical accounting judgments and key sources of estimation uncertainty

In the application of the ESL Group's accounting policies, which are described in note 4, the directors are 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.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the ESL Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the ESL Group's investment properties portfolios and concluded that while the ESL Group's investment properties located in Hong Kong are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the ESL Group's deferred taxation arising from investment properties located in Hong Kong, the management determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

Key source of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Investment properties

In estimating the fair value of the ESL Group's investment properties, the ESL Group uses market-observable data to the extent they are available. Where Level 1 inputs are not available, the ESL Group engages independent firms of qualified professional property valuers to perform valuation of the ESL Group's investment properties. At the end of the Relevant Periods, the management works closely with an independent firm of qualified professional property valuers to establish and determine the appropriate valuation techniques and key inputs for fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company. Information about the valuation techniques and key inputs used in determining the fair value of the ESL Group's investment properties is disclosed in note 15.

6. Capital management

The ESL Group manages its capital to ensure that the ESL Group 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 ESL Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the ESL Group consists of net debts, which includes the amount due to immediate holding company and a former fellow subsidiary as disclosed in the respective notes 17 and 18 and equity attributable to owners of the ESL Group.

The directors review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors, the ESL Group will balance its overall capital structure through new share issues as well as raising of debts.

At the end of the Relevant Periods, the ESL Group has net current liabilities. The Company has agreed to continuously provide adequate funds to the ESL Group to meet in full its financial obligations as they fall due for the foreseeable future, the directors are therefore confident that the ESL Group 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. Accordingly, the Historical Financial Information have been prepared on a going concern basis.

Financial instruments

Categories of financial instruments

	30 September 2018	**31 December 2017**	**31 December 2016**
	HK$	*HK$*	*HK$*
Financial assets			
Amount due from former ultimate holding company	–	284,675	193,575
Deposits paid	168,775	164,475	164,475
Financial liabilities			
Amount due to immediate holding company	223,023,809	–	–
Amount due to a former fellow subsidiary	–	221,052,797	223,543,952
Other payables and accruals	10,000	39,000	36,395
Rental deposit received	637,598	–	–

Financial risk management objectives and policies

The ESL Group's major financial instruments include the amount due from former ultimate holding company, the amounts due to immediate holding company and a former fellow subsidiary. Details of these financial instruments are disclosed in notes 16, 17 and 18, respectively. 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 ESL Group relies on the shareholder as a significant source of liquidity. The Company agreed to continuously provide adequate funds for the ESL Group to meet in full its financial obligations as they fall due for the foreseeable future and to maintain the ESL Group as a going concern. The Company's directors are therefore confident that the ESL Group 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.

All financial liabilities are non-interest bearing and their maturity dates are within one year or on demand except for the amount due to immediate holding company with further details set out in note 17.

Currency risk

All of the ESL Group's monetary assets and liabilities are denominated in HK$ and therefore the exchange rate risk to the ESL Group is not significant.

Interest rate risk

The ESL Group is exposed to cash flow interest rate risk in relation to interest charged by the immediate holding company for bank borrowings obtained by Lion Capital for its acquisition of assets through acquisition of the ESL Group. Such bank borrowing is bearing interest at the rate of 1.5% over HIBOR per annum.

The ESL Group has not used any derivative contracts to hedge its exposure to such interest rate risk, however, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for Lion Capital's bank borrowings with variable rate. The analysis was prepared assuming these balances outstanding at the end of the Relevant Periods were outstanding for the nine months ended 30 September 2018. 50 basis points increase or decrease represents management's assessment of the reasonably possible change in interest rate. If interest rate had been 50 basis points higher or lower and all other variables were held constant, loss for the nine months ended 30 September 2018 would increase or decrease by approximately HK$774,000.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent interest rate risk as exposure at the end of the Relevant Periods does not reflect the exposure during the Relevant Periods.

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 directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

7. Revenue

	Nine months ended 30 September 2018 *HK$*	Nine months ended 30 September 2017 *HK$* *(unaudited)*	Year ended 31 December 2017 *HK$*	Period from 22 May 2015 (date of incorporation) to 31 December 2016 *HK$*
Rental income from:				
– Former ultimate holding company	1,593,995	–	–	–
– Others	12,245	–	–	–
Licence fee income from former ultimate holding company	–	90,000	120,000	160,000
	1,606,240	90,000	120,000	160,000

All of the ESL Group's activities are carried out in Hong Kong and all of the ESL Group's assets and liabilities are located in Hong Kong.

8. Finance costs

	Nine months ended 30 September 2018 *HK$*	Nine months ended 30 September 2017 *HK$* *(unaudited)*	Year ended 31 December 2017 *HK$*	Period from 22 May 2015 (date of incorporation) to 31 December 2016 *HK$*
Loan interest expenses paid for banking facilities granted to the immediate holding company	2,642,453	–	–	–

9. Loss before tax

The ESL Group's loss before tax is arrived at after charging/(crediting):

	Nine months ended 30 September 2018 *HK$*	Nine months ended 30 September 2017 *HK$* *(unaudited)*	Year ended 31 December 2017 *HK$*	Period from 22 May 2015 (date of incorporation) to 31 December 2016 *HK$*
Auditor's remuneration	45,800	31,300	29,000	27,800
Depreciation	2,296,036	5,826,663	7,768,884	10,796,013
Loss on disposal of property, plant and equipment	7,350,384	4,338,673	4,338,673	–
Gross rental income less direct outgoings HK$191,183	(1,415,057)	–	–-	–

10. Directors' remuneration and five highest paid employees

(i) Directors' remuneration

No remuneration was paid to the directors of ESL during the Relevant Periods and no remuneration was waived by these directors during the Relevant Periods.

(ii) Employees' remuneration

The ESL Group has no employee, thus no remuneration was paid to any employees during the Relevant Periods.

11. Taxation

	Nine months ended 30 September 2018 *HK$*	Nine months ended 30 September 2017 *HK$* *(unaudited)*	Year ended 31 December 2017 *HK$*	Period from 22 May 2015 (date of incorporation) to 31 December 2016 *HK$*
Provision for the period/ year	–	–	–	820,146
Tax concession	–	–	–	(20,000)
Income tax expenses	–	–	–	800,146

Hong Kong Profits Tax has not been provided for the nine months ended 30 September 2018 and year ended 31 December 2017, as the ESL Group has no assessable profits for that period/year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits for period from 22 May 2015 (date of incorporation) to 31 December 2016.

A reconciliation of the tax expenses applicable to loss before tax at the statutory rate to the tax expenses is as follows:

	Nine months ended 30 September 2018	**Nine months ended 30 September 2017**	**Year ended 31 December 2017**	**Period from 22 May 2015 (date of incorporation) to 31 December 2016**
	HK$	*HK$* *(unaudited)*	*HK$*	*HK$*
Loss before tax	(11,702,487)	(10,097,386)	(12,027,907)	(10,678,179)
Tax at the statutory tax rate of 16.5%	(1,930,910)	(1,666,069)	(1,984,604)	(1,761,900)
Tax effect of expenses not deductible for tax purpose	282,603	631,240	843,488	1,117,294
Tax effect of income that are not taxable	–	–	–	(6,600)
Tax effect of deductible temporary differences not recognised	(292,174)	1,043,133	739,638	(635,262)
Utilisation of tax losses	–	(8,304)	–	(253,832)
Tax effect of tax loss not recognised	1,940,481	–	401,478	1,290,730
Tax concession			–	(20,000)
Others	–	–	–	1,069,716
Income tax expenses	–	–	–	800,146

As at 30 September 2018, 31 December 2017 and 31 December 2016, the ESL Group has unused tax losses of approximately HK$22 million, HK$10 million and HK$8 million, respectively, arising in Hong Kong that are available indefinitely for offsetting against its future taxable profits. Deferred tax assets has not been recognised in respect of these losses as the ESL Group has not yet agreed with the Inland Revenue Department for the tax losses. The directors are informed of the income tax status of the ESL Group. A tax indemnity has been executed by BCHIL which undertakes to settle all tax liabilities of the ESL Group incurred prior to the completion of the sale of the ESL Group to Lion Capital for a period of seven years. The directors determine that no adjustment to income tax payable is necessary. The directors also determine that deferred tax assets on unutilised tax losses of the ESL Group shall not be recognised as it is uncertain if such tax losses will be utilised.

At the end of the Relevant Periods, the major components of the deferred tax assets/(liabilities) unprovided are as follows:

	30 September 2018	31 December 2017	31 December 2016
	HK$	*HK$*	*HK$*
Temporary difference arising from accelerated depreciation allowance for tax purpose	(978,526)	104,376	(635,262)
Tax losses	3,632,689	1,692,208	1,290,730
	2,654,163	1,796,584	655,468

12. Basic loss per share

	Nine months ended 30 September 2018	Nine months ended 30 September 2017	Year ended 31 December 2017	Period from 22 May 2015 (date of incorporation) to 31 December 2016
	HK$	*HK$* *(unaudited)*	*HK$*	*HK$*
Net loss for the period/year attributable to owners of ESL	HK$11,702,487	HK$10,097,386	HK$12,027,907	HK$11,478,325
Weighted average number of ordinary shares in issue during the Relevant Periods	100	100	100	100
Basic loss per share	HK$117,025	HK$100,974	HK$120,279	HK$114,783

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

13. Dividends

No dividends have been paid by ESL in respect of the Relevant Periods.

14. Property, plant and equipment

	Land and buildings *HK$*	Leasehold improvements *HK$*	Furniture and fixtures *HK$*	Total *HK$*
Costs:				
Additions during the period from 22 May 2015 (date of incorporation) to 31 December 2016	742,688	8,807,361	7,890,857	17,440,906
Addition through acquisition of a subsidiary *(note 23)*	205,900,000	–	–	205,900,000
At 31 December 2016 and 1 January 2017	206,642,688	8,807,361	7,890,857	223,340,906
Disposal during the year ended 31 December 2017	–	–	(7,890,857)	(7,890,857)
At 31 December 2017 and 1 January 2018	206,642,688	8,807,361	–	215,450,049
Disposal during the nine months ended 30 September 2018	–	(8,807,361)	–	(8,807,361)
Transfer to investment properties	(206,642,688)	–	–	(206,642,688)
At 30 September 2018	–	–	–	–
Accumulated depreciation:				
Depreciation for the period from 22 May 2015 (date of incorporation) to 31 December 2016	9,167,628	576,201	1,052,184	10,796,013
At 31 December 2016 and 1 January 2017	9,167,628	576,201	1,052,184	10,796,013
Depreciation for the year ended 31 December 2017	6,888,108	880,776	–	7,768,884
Disposal during the year ended 31 December 2017	–	–	(1,052,184)	(1,052,184)
At 31 December 2017 and 1 January 2018	16,055,736	1,456,977	–	17,512,713
Depreciation for the nine months ended 30 September 2018	2,296,036	–	–	2,296,036
Disposal during the nine months ended 30 September 2018	–	(1,456,977)	–	(1,456,977)
Transfer to investment properties	(18,351,772)	–	–	(18,351,772)
At 30 September 2018	–	–	–	–
Net carrying amounts:				
At 30 September 2018	–	–	–	–
At 31 December 2017	190,586,952	7,350,384	–	197,937,336
At 31 December 2016	197,475,060	8,231,160	6,838,673	212,544,893

The Properties are situated in Hong Kong and are held under long term leases.

At 31 December 2017 and 2016, the Properties have been pledged to a bank for securing general banking facilities granted to BCHIL (note 24).

At 30 September 2018, the Properties have been pledged to a bank for securing general banking facilities granted to Lion Capital (note 24).

15. Investment properties

	HK$
Transfer from land and buildings during the nine months ended 30 September 2018	188,290,916
Increase in fair value recognised in other comprehensive income	121,709,084
At 30 September 2018, at fair value	310,000,000

All of the ESL Group's leasehold interests in land and buildings held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the ESL Group's investment properties at 30 September 2018 was arrived with reference to the basis of valuation carried out by Vigers Appraisal and Consulting Limited, an independent firm of qualified professional property valuers not connected with the Group.

The following table gives information about how the fair value of the investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the ESL Group	Commercial units and car parking spaces in Hong Kong
Fair value at 30 September 2018	HK$310,000,000
Fair value hierarchy	Level 3
Valuation techniques and key inputs	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property
Significant unobservable inputs	Price per square foot, using market direct comparables and taking into account of location and other individual factors such as size of property. The unit rates of comparable transactions are in the range of about HK$21,075 to HK$39,150 per square foot for whole floor office units and about HK$1,550,000 to HK$2,450,000 per car parking space for car parking portion.
Sensitivity	The higher the price per square foot, the higher the fair value

16. Amount due from former ultimate holding company

The amount due from BCHIL, the former ultimate holding company, was unsecured, interest-free and repayable on demand.

17. Amount due to immediate holding company

The amount due to Lion Capital, the immediate holding company, is unsecured and repayable on demand.

Lion Capital borrowed HK$206.5 million term loan from a bank in Hong Kong. Such bank borrowing is bearing interest at the rate of 1.5% over HIBOR per annum and the interest expenses and charges so arising were charged to the ESL Group's consolidated statement of profit or loss and other comprehensive income.

Such bank borrowing will be fully settled on or before 36 months after the related drawdown, as specified in the agreement entered into between Lion Capital and the bank.

18. Amount due to a former fellow subsidiary

The amount due to a former fellow subsidiary was unsecured, interest-free and repayable on demand.

19. Share capital

	30 September 2018	**31 December 2017**	**31 December 2016**
Authorised:			
50,000 (31 December 2017 and 2016: 50,000) ordinary shares of US$1.00 each	US$50,000	US$50,000	US$50,000
Issued and fully paid:			
100 (31 December 2017 and 2016: 100) ordinary shares of US$1.00 each	HK$ 775	HK$ 775	HK$ 775

ESL was incorporated on 22 May 2015 with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each. On 19 June 2015, one hundred ordinary shares of US$1.00 were issued at par to the then sole member of ESL to meet the initial capital requirement.

During the nine months ended 30 September 2018, the entire issued shares in ESL were sold to Lion Capital. That transaction was completed on 30 April 2018.

Other than the above, there were no changes in ESL's authorised, issued, and fully paid share capital during the Relevant Periods.

20. Statements of financial position of ESL

	30 September 2018	31 December 2017	31 December 2016
	HK$	*HK$*	*HK$*
NON-CURRENT ASSETS			
Property, plant and equipment	–	202,512,892	217,120,449
Investment properties	310,000,000	–	–
Investment in a subsidiary *(note)*	32,785,347	32,785,347	32,785,347
Total non-current assets	342,785,347	235,298,239	249,905,796
CURRENT ASSETS			
Amount due from former ultimate holding company	–	205,075	103,575
Deposits paid and prepayments	172,547	164,475	164,475
Total current assets	172,547	369,550	268,050
CURRENT LIABILITIES			
Loan from a subsidiary	(32,573,706)	(32,573,706)	(32,573,706)
Amount due to a subsidiary	(197,275)	(197,275)	(197,275)
Amount due to immediate holding company	(222,272,063)	–	–
Amount due to a former fellow subsidiary	–	(221,052,547)	(223,543,952)
Other payables and accruals	(5,000)	(18,800)	(26,595)
Rental deposits received	(637,598)	–	–
Total current liabilities	(255,685,642)	(253,842,328)	(256,341,528)
NET CURRENT LIABILITIES	(255,513,095)	(253,472,778)	(256,073,478)
Net assets/(liabilities)	87,272,252	(18,174,539)	(6,167,682)
EQUITY/DEFICIENCY IN ASSETS			
Share capital *(note 19)*	775	775	775
Property revaluation reserve	117,133,528	–	–
Accumulated losses	(29,862,051)	(18,175,314)	(6,168,457)
Total equity/(deficiency in assets)	87,272,252	(18,174,539)	(6,167,682)

Note: At 30 September 2018, 31 December 2017 and 2016, ESL has 100% direct interest in Best Legend International Holdings Limited ("**Best Legend**"), which is incorporated in Hong Kong on 18 March 2010 and its principal activities are property investment and receiving licence fee income during the period from 22 May 2015 to 31 December 2016. Best Legend was dormant during the year ended 31 December 2017 and the nine months ended 30 September 2018.

21. Related party transactions

In addition to the transactions and balances detailed elsewhere in these Historical Financial Information, the ESL Group had the following related party transactions during the Relevant Periods:

	Nine months ended 30 September 2018 *HK$*	**Nine months ended 30 September 2017** *HK$* *(unaudited)*	**Year ended 31 December 2017** *HK$*	**Period from 22 May 2015 (date of incorporation) to 31 December 2016** *HK$*
Rental income from former ultimate holding company	1,593,995	–	–	–
Licence fee income from former ultimate holding company	–	90,000	120,000	160,000
Sales of furniture and fixtures to Brilliant Circle Development Limited *(note 22(a)(i))*	–	2,500,000	2,500,000	–
Loan interest expenses paid for banking facilities granted to the immediate holding company	2,642,453	–	–	–

22. Notes to the consolidated statements of cash flows

(a) Major non-cash transactions

(i) On 1 January 2017, the ESL Group sold all the furniture and fixtures to a former fellow subsidiary at a consideration of HK$2,500,000 which was settled through balance with a former fellow subsidiary.

(ii) During the nine months ended 30 September 2018, the shareholders' loans due and owing by the ESL Group to BCHIL and BCHIL's subsidiaries of a total of HK$221,656,350 as of 30 April 2018 were assigned to Lion Capital on completion of the sale of the ESL Group to Lion Capital.

(iii) During the nine months ended 30 September 2018, Lion Capital charged the ESL Group interest expenses of HK$2,642,453 for bank borrowings obtained by Lion Capital for its acquisition of assets through acquisition of the ESL Group. The said interest expenses were settled through balance with Lion Capital.

(b) Reconciliation of liabilities arising from financing activities

	Amount due to immediate holding company *HK$*	**Amount due to a former fellow subsidiary** *HK$*
Changes from financing cash flows		
Advance from a former fellow subsidiary	–	223,543,952
At 31 December 2016 and 1 January 2017	–	223,543,952
Changes from financing cash flows		
Advance from a former fellow subsidiary	–	8,845
Other changes		
Proceeds from sale of furniture and fixtures *(note 22(a)(i))*	–	(2,500,000)
At 31 December 2017 and 1 January 2018	–	221,052,797
Changes from financing cash flows		
Advance/(repayment) during the period	(1,274,994)	603,553
Other changes		
Assignment of loan *(note 22(a)(ii))*	221,656,350	(221,656,350)
Finance costs *(note 22(a)(iii))*	2,642,453	–
At 30 September 2018	223,023,809	–
At 1 January 2017	–	223,543,952
Changes from financing cash flows (unaudited)		
Advance from a former fellow subsidiary	–	8,845
Other changes (unaudited)		
Proceeds from sale of furniture and fixtures *(note 22(a)(i))*	–	(2,500,000)
At 30 September 2017 (unaudited)	–	221,052,797

23. Acquisition of assets and liabilities through acquisition of subsidiary

On 31 August 2015, ESL acquired the entire equity interests in Best Legend for the main purpose of acquiring the Properties. Best Legend was incorporated in Hong Kong and engaged in property investment at the date of acquisition.

Assets and liabilities at the date of acquisition:

	HK$
Property, plant and equipment	205,900,000
Deposits paid and prepayments	221,342
Accruals	(9,700)
Net assets value	206,111,642
Consideration, paid in cash	206,111,642

24. Pledge of assets

At 31 December 2017 and 31 December 2016, the Properties have been pledged by BCHIL to a bank for securing general banking facilities granted to BCHIL.

At 31 December 2017 and 31 December 2016, the banking facilities granted to BCHIL subject to guarantees given to the bank were utilised to the extent of approximately HK$348,892,000 and HK$480,107,000, respectively.

During the nine months ended 30 September 2018, BCHIL repaid all the amounts owing under the above mortgage of the Properties.

Pursuant to a facility agreement dated 25 April 2018, Lion Capital borrowed HK$206.5 million term loan from a bank in Hong Kong. This term loan is secured by:

– debenture and mortgage (incorporating a first legal charge over the Properties, a fixed charge over charged account and a first floating charge over all assets, undertaking and property of Lion Capital and ESL);

– assignment of insurance over the Properties;

– rentals in respect of the Properties;

– future sale proceeds in respect of the Properties;

– joint and several guarantee given by the Company and ESL; and

– share charge over all the issued shares of Lion Capital and ESL.

25. Operating lease arrangements

The ESL Group as lessor

At the end of the Relevant Periods, the ESL Group had contracted with BCHIL for the following future minimum lease payments:

	30 September 2018	31 December 2017	31 December 2016
	HK$	*HK$*	*HK$*
Within one year	3,825,588	–	–
In the second to fifth year inclusive	2,231,593	–	–
	6,057,181	–	–

26. Event after the Relevant Periods

Up to the date of this report, no audited financial statements have been prepared in respect of any period subsequent to 30 April 2018.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Introduction

The following is an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the "Unaudited Pro Forma Financial Information") of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Possible Disposal by sale of the entire issued share capital of Empire Sail Limited ("Empire Sail", Empire Sail and its wholly-owned subsidiary, Best Legend International Holdings Limited, are collectively referred to as the "Empire Sail Group") (the "Possible ES Disposal") as if the Possible ES Disposal had been completed as of 31 March 2018 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2018, or 1 April 2017 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2018, after making the pro forma adjustments relating to the Possible ES Disposal that are factually supportable and directly attributable, as explained in the notes below.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2018 had the Possible ES Disposal been completed as of 31 March 2018, and (ii) the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018 and consolidated statement of cash flows for the year ended 31 March 2018 had the Possible ES Disposal been completed as at 1 April 2017; or at any future dates.

Unaudited Pro Forma Consolidated Statement of Financial Position

		Pro forma adjustments								
	The Group as at 31 March 2018	**The Empire Sail Group as at 30 September 2018**					**Sub-total**			**Pro forma total for the Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*								*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Notes 1 and 5)*	*(Notes 1 and 6)*	*(Notes 1 and 7)*	*(Note 1)*	*(Note 8)*	*(Note 9)*	
Non-current assets										
Property, plant and equipment	3,958	–	–	–	–	–	3,958	–	–	3,958
Investment properties	1,656,633	310,000	–	(15,000)	15,000	–	1,966,633	(310,000)		1,656,633
Investments in subsidiaries	–	–	71,501	(71,501)	–	–	–	–	–	–
Loans receivable	46,924	–	–	–	–	–	46,924	–	–	46,924
Available-for-sale investments	207,213	–	–	–	–	–	207,213	–	–	207,213
Deposits paid for acquisition of investment properties	29,500	–	(29,500)	–	–	–	–	–	–	–
	1,944,228	310,000	42,001	(86,501)	15,000	–	2,224,728	(310,000)	–	1,914,728
Current assets										
Properties held for development for sale	1,634,964	–	–	–	–	–	1,634,964	–	–	1,634,964
Trade and other receivables	49,876	173	–	–	–	–	50,049	(173)	–	49,876
Loans receivable	218,373	–	–	–	–	–	218,373	–	–	218,373
Investments held for trading	3,436	–	–	–	–	–	3,436	–	–	3,436
Other financial assets	35,618	–	–	–	–	–	35,618	–	–	35,618
Bank balances and cash	125,422	–	(267,375)	–	–	(870)	(142,823)	303,350	(600)	159,927
	2,067,689	173	(267,375)	–	–	(870)	1,799,617	303,177	(600)	2,102,194
Current liabilities										
Trade and other payables	89,718	648	–	–	–	–	90,366	(648)	–	89,718
Amount due to shareholder	–	223,024	(223,024)	–	–	–	–	–	–	–
Tax payable	9,530		–	–	–	–	9,530	–	–	9,530
Convertible notes	69,656	–	–	–	–	–	69,656	–	–	69,656
Secured bank borrowings	420,410	–	–	–	–	–	420,410	–	–	420,410
	589,314	223,672	(223,024)	–	–	–	589,962	(648)	–	589,314
Net current assets (liabilities)	1,478,375	(223,499)	(44,351)	–	–	(870)	1,209,655	303,825	(600)	1,512,880
Total assets less current liabilities	3,422,603	86,501	(2,350)	(86,501)	15,000	(870)	3,434,383	(6,175)	(600)	3,427,608

		Pro forma adjustments								
	The Group as at 31 March 2018	**The Empire Sail Group as at 30 September 2018**					**Sub-total**			**Pro forma total for the Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	*(Audited)*								*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Notes 1 and 5)*	*(Notes 1 and 6)*	*(Notes 1 and 7)*	*(Note 1)*	*(Note 8)*	*(Note 9)*	
Non-current liabilities										
Deferred tax liabilities	35,065	–	–	–	–	–	35,065	–	–	35,065
Secured bank borrowings	672,250	–	–	–	–	–	672,250	–	–	672,250
	707,315	–	–	–	–	–	707,315	–	–	707,315
	2,715,288	86,501	(2,350)	(86,501)	15,000	(870)	2,727,068	(6,175)	(600)	2,720,293
Capital and reserves										
Share capital	29,658	1	–	(1)	–	–	29,658	–	–	29,658
Reserves	2,685,630	86,500	(2,350)	(86,500)	15,000	(870)	2,697,410	(6,175)	(600)	2,690,635
	2,715,288	86,501	(2,350)	(86,501)	15,000	(870)	2,727,068	(6,175)	(600)	2,720,293

Notes:

1. On 11 January 2018, the Group agreed to purchase the entire issued share capital of Empire Sail (the "ES Shares") and the shareholders' loans due and owing by the Empire Sail Group (the "ES Loans") for a consideration of HK$295,000,000 (subject to adjustments) (the "ES Acquisition"). Principal assets of the Empire Sail Group are the Properties. The ES Acquisition was approved by the Shareholders on 11 April 2018 and completed on 30 April 2018. As such, the Group's consolidated statement of financial position as at 31 March 2018 does not include assets and liabilities of the Empire Sail Group at that date and therefore pro forma adjustments as set out in notes 2 to 8 below are made to derive the financial position of the Group as enlarged upon completion of the ES Acquisition (the "ES Completion") as shown in the "Sub-total" column. For pro forma purpose, it is assumed that the completion date for the ES Acquisition (the "ES Completion Date") took place on 31 March 2018. It is also assumed that the consolidated statement of financial position as at the ES Completion Date of the Empire Sail Group is the same as that as at 30 September 2018 contained in Appendix IV to this circular. Details of the ES Acquisition are set out in the Company's announcement dated 11 January 2018 and circular dated 15 March 2018 (the "ES VSA Circular").

2. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2018 as set out in the published annual report of the Company for the year ended 31 March 2018.

3. The financial information of the Empire Sail Group is extracted from the audited consolidated statement of financial position of the Empire Sail Group as at 30 September 2018 as set out in the accountants' report on the Empire Sail Group prepared by Cosmos CPA Limited which is contained in Appendix IV to this circular.

4. The adjustment represents (i) the ES Acquisition for a total cash consideration of HK$295,000,000 (before consideration adjustments) with the intention of the Properties being held to earn rentals and/or for capital appreciation (i.e. as investment properties); (ii) the downward consideration adjustments

of approximately HK$475,000; and (iii) the incurrence of expenses directly attributable to the ES Acquisition of approximately HK$2,350,000, which are recognised in profit or loss, including property agent commission of approximately HK$1,475,000 and legal and other costs of approximately HK$875,000; and (iv) after deducting deposits paid as at 31 March 2018 of HK$29,500,000 which are included in "deposits paid for acquisition of investment properties". Of the total cash consideration (including consideration adjustments) of approximately HK$294,525,000, (i) approximately HK$223,024,000 represents consideration for acquiring the ES Loans on a dollar-for-dollar basis; and (ii) the remaining approximately HK$71,501,000 represents consideration for acquiring the ES Shares. The Group will settle the above consideration (including consideration adjustments), net of deposits paid, and directly attributable expenses by cash and, for pro forma purpose, it is assumed that cash settlement took place at the ES Completion Date.

In accordance with the agreement dated 11 January 2018 entered into between an indirect wholly-owned subsidiary of the Company (as purchaser) and the vendor of the ES Shares (the "ES Vendor") for the ES Acquisition (the "ES Agreement"), the consideration adjustments are determined with reference to the value of the net tangible assets as defined therein (the "Net Tangible Assets Value") of the Empire Sail Group and contained in the proforma management accounts of the Empire Sail Group for the period from the beginning of the then current financial year of the Empire Sail Group to the ES Completion Date (the "ES Proforma Accounts"). The Empire Sail Group's Net Tangible Assets Value at the ES Completion Date is derived as follows:

	HK$'000
Tangible assets	
Cash at bank	–
Deposits and prepayment	173
	173
Liabilities and provisions	
Other payables and accruals	648
Net Tangible Assets Value	(475)

As the Net Tangible Assets Value is less than zero, there are downward consideration adjustments of approximately HK$475,000 and the total cash consideration, including downward consideration adjustments, of the ES Acquisition amount to approximately HK$294,525,000. Further details of the consideration adjustments (including components making up the net tangible assets) are set out in the sub-section headed "Consideration adjustments" of the section headed "The Provisional Agreement" in the "Letter from the Board" of the ES VSA Circular.

5. The adjustment represents elimination of (i) the Group's cost of investment in Empire Sail amounting to approximately HK$71,501,000; (ii) share capital of Empire Sail of approximately HK$1,000; (iii) reinstatement of the purchase cost of the Properties acquired, from the carrying amount of approximately HK$310,000,000 to the purchase cost of approximately HK$295,000,000 (i.e. a decrease of approximately HK$15,000,000) as a result of the ES Acquisition as the transaction is an acquisition of assets through acquisition of subsidiaries; and (iv) adjusted reserves of the Empire Sail Group amounting to approximately HK$71,500,000 after the decrease of approximately HK$15,000,000 resulting from the reinstatement of the purchase cost of the Properties. At the ES Completion Date, the assets acquired and liabilities assumed by the Group are as follows:

	HK$'000
Investment properties	295,000
Trade and other receivables	173
Trade and other payables	(648)
Net assets assumed	294,525
Net cash outflow on acquisition	
Cash consideration paid (including downward consideration adjustments) for acquiring	
– the ES Shares	71,501
– the ES Loans	223,024
	294,525

The Directors are informed of the income tax status of the Empire Sail Group. As, upon the ES Completion Date, a tax indemnity will be executed by the ES Vendor in favour of the Group undertaking to settle all tax liabilities of the Empire Sail Group incurred prior to the ES Completion Date for a period of seven years, the Directors determine that no adjustment to income tax payable is necessary. The Directors also determine that deferred tax assets on unutilised tax losses of the Empire Sail Group shall not be recognised as it is uncertain if such tax losses will be utilised.

For pro forma purpose, it is assumed that the fair value of the assets acquired and liabilities assumed at the ES Completion Date are the same amounts as at 30 September 2018; in particular, fair value of the Properties is HK$295,000,000, which is derived based on the purchase cost of the Properties, and the ES Loans is approximately HK$223,024,000. Any change in these amounts will affect the amount of the Properties being recognised and the cost of investment in Empire Sail.

6. The adjustment represents recognition of fair value gain of the Properties (being investment properties) in profit or loss immediately after the ES Completion amounting to HK$15,000,000, which is derived from fair value of HK$310,000,000 and carrying amount of HK$295,000,000 per note 5 above. For pro forma purpose, it is assumed that the fair value of the Properties at the ES Completion Date is the same amount of fair value as at 30 September 2018, being HK$310,000,000, as assessed by Vigers, an independent valuer, adopting the market approach. There is no certainty that the fair value of the Properties at the ES Completion Date is the same amount of HK$310,000,000 being fair value as at 30 September 2018. Any change in this amount will affect the fair value gain/loss of the Properties being recognised in profit or loss.

7. The adjustment represents payment of the estimated transaction costs attributable to the ES VSA Circular of approximately HK$870,000.

8. The adjustment represents (i) the Possible ES Disposal for a total cash consideration of HK$310,000,000; (ii) the elimination of assets and liabilities of the Empire Sail Group; and (iii) the incurrence of expenses directly attributable to the Possible ES Disposal of approximately HK$6,650,000, which are recognised in profit or loss under "other expenses", including tender

commission of approximately HK$6,200,000 and legal and other costs of approximately HK$450,000. HK$310,000,000 is the minimum price for a consideration that is expected to be in cash set by the Board for the Possible ES Disposal, below which the equity interest in Empire Sail will not be sold, and, for pro forma purpose, it is assumed that cash settlement took place at the completion date of the Possible ES Disposal (the "Disposal Completion Date"). If the cash consideration for the Possible Disposal is above the minimum price of HK$310,000,000, there will be favourable financial effect to the Group. However, there is no certainty that the consideration determined in a Tender will exceed the minimum price of HK$310,000,000. There is also no certainty that successful tenderer can be secured in a Tender.

For pro forma purpose, it is assumed that the consolidated statement of financial position as at the Disposal Completion Date of the Possible ES Disposal is the same as that as at 30 September 2018 contained in Appendix II to this circular. The Empire Sail Group's net assets at the Disposal Completion Date are:

	HK$'000
Investment properties	310,000
Trade and other receivables	173
Trade and other payables	(648)
Net assets disposed of	309,525
Gain/loss on disposal of the Empire Sail Group:	
Consideration received	310,000
Net assets disposed of	(309,525)
Gain on disposal, before direct expenses	475
Expenses directly attributable to the Possible ES Disposal	(6,650)
Loss on disposal, after direct expenses	(6,175)

For pro forma purpose, taking into consideration of the fair value gain of the Properties recognised in profit or loss immediately after the ES Completion amounting to approximately HK$15,000,000 per note 6 above and expenses directly attributable to the ES Acquisition of approximately HK$2,350,000 per note 4 above, the ES Acquisition and the subsequent Possible ES Disposal together gives rise to a gain of approximately HK$6,475,000. As set out in the section headed "Reasons for and benefits of the Possible Disposal by Tender" in the "Letter from the Board" of this circular, when the Properties were acquired by the Group earlier this year, the Company expected the commercial property market of Hong Kong to be in a rising trend in the future and that the Board intended to lease out the Properties with a view to generate a steady flow of rental income for the Group. The market has changed since then. The Directors now consider that adjustments in the real estate sector will be inevitable. Because of the circumstances underlying the Possible ES Disposal, the Directors are of the opinion that any gain arising from the Possible ES Disposal shortly after the ES Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions and determine that no adjustment to income tax payable is necessary. There is no certainty that any gain arising from the Possible ES Disposal is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on the gain arising from the Possible ES Disposal will affect the income tax being recognised in profit or loss.

9. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$600,000.

10. The Unaudited Pro Forma Financial Information illustrates the effect of the Possible Disposal by sale of the ES Shares. Assuming (i) the Group disposes of the Properties instead of the ES Shares which is an alternative for the Possible Disposal; (ii) the total cash consideration is the minimum price of

HK$310,000,000 as set out above; and (iii) the carrying amount of the Properties is HK$310,000,000 which is the fair value of the Properties as at 30 September 2018 per note 6 above; there will be no gain or loss upon disposal of the Properties before direct expenses. Direct expenses attributable to disposal of the Properties are approximately HK$6,650,000 as set out in note 8 above and Hong Kong stamp duty to be borne by Empire Sail (as seller) of approximately HK$13,175,000, i.e. an aggregate sum of approximately HK$19,825,000. In this scenario, taking into consideration of the fair value gain of the Properties recognised in profit or loss immediately after the ES Completion amounting to approximately HK$15,000,000 per note 6 above and expenses directly attributable to the ES Acquisition of approximately HK$2,350,000 per note 4 above, the ES Acquisition and the subsequent disposal of the Properties together gives rise to a loss of approximately HK$7,175,000. As explained above, the Directors are of the opinion that any gain arising from the disposal of the Properties shortly after the EC Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions. There is no certainty that any gain arising from the disposal of the Properties is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on the gain arising from the disposal of the Properties will affect the income tax being recognised in profit or loss.

11. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group for the year ended 31 March 2018	Pro forma adjustments					Pro forma total for the Group for the year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)						*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Revenue	49,605	–	–	–	–	–	49,605
Cost of goods sold and services rendered	(2,880)	–	–	–	–	–	(2,880)
	46,725	–	–	–	–	–	46,725
Other income	7,677	–	–	–	–	–	7,677
Other gains and losses	1,552	–	–	–	–	–	1,552
Other expenses	(121)	(2,350)	–	–	(6,650)	–	(9,121)
Distribution and selling expenses	(40)	–	–	–	–	–	(40)
Administrative expenses	(35,525)	–	(870)	–	–	(600)	(36,995)
Net loss on modification of terms of convertible note	(1,023)	–	–	–	–	–	(1,023)
Gain on changes in fair value of investment properties	72,337	–	–	15,000	–	–	87,337
Impairment loss on available-for-sale investments	(3,406)	–	–	–	–	–	(3,406)
Loss on fair value changes of investments held for trading	(2,195)	–	–	–	–	–	(2,195)
Gain on disposal of the Empire Sail Group	–	–	–	–	672	–	672
Finance costs	(31,373)	–	–	–	–	–	(31,373)
Profit before taxation	54,608	(2,350)	(870)	15,000	(5,978)	(600)	59,810
Taxation	(1,069)	–	–	–	–	–	(1,069)
Profit for the year attributable to owners of the Company	53,539	(2,350)	(870)	15,000	(5,978)	(600)	58,741

	The Group for the year ended 31 March 2018	Pro forma adjustments					Pro forma total for the Group for the year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)						*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Other comprehensive income (expense)							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences arising on translation of financial statements of foreign operations	37,095	–	–	–	–	–	37,095
Change in fair value of available-for-sale investments	45,029	–	–	–	–	–	45,029
Reclassification adjustment upon impairment of available-for-sale investments	3,406	–	–	–	–	–	3,406
Release upon disposal of available-for-sale investments	(45)	–	–	–	–	–	(45)
Other comprehensive income for the year	85,485	–	–	–	–	–	85,485
Total comprehensive income for the year attributable to owners of the Company	139,024	(2,350)	(870)	15,000	(5,978)	(600)	144,226

Notes:

1. As per note 1 to the "Unaudited pro forma consolidated statement of financial position" of this appendix, the ES Completion Date took place on 30 April 2018. As such, the Group's financial performance for the year ended 31 March 2018 does not include the financial performance of the Empire Sail Group for the same period. For pro forma purpose, it is assumed that the ES Completion took place on 1 April 2017 and, immediately thereafter, the completion of Possible ES Disposal (the "Disposal Completion") also took place on 1 April 2017.

2. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2018 as set out in the published annual report of the Company for the year ended 31 March 2018.

3. For pro forma purpose, it is assumed that the consolidated statement of financial position as at the ES Completion Date included in the ES Proforma Accounts of the Empire Sail Group is the same as that as at 31 December 2016 contained in Appendix II to the ES VSA Circular. The Empire Sail Group's Net Tangible Assets Value at the ES Completion Date is derived as follows:

	HK$'000
Tangible assets	
Cash at bank	–
Deposits and prepayment	164
	164
Liabilities and provisions	
Other payables and accruals	36
Tax payable	800
	836
Net Tangible Assets Value	(672)

As the Net Tangible Assets Value is less than zero, there are downward consideration adjustments of approximately HK$672,000 and the total cash consideration, including downward consideration adjustments, of the ES Acquisition amount to approximately HK$294,328,000. Further details of the consideration adjustments are set out in note 4 to the "Unaudited pro forma consolidated statement of financial position" of this appendix and the sub-section headed "Consideration adjustments" of the section headed "The Provisional Agreement" in the "Letter from the Board" of the ES VSA Circular.

The adjustment represents recognition of expenses directly attributable to the ES Acquisition of approximately HK$2,350,000, including property agent commission of approximately HK$1,475,000 and legal and other costs of approximately HK$875,000, in profit or loss under "other expenses".

At the ES Completion Date, the assets acquired and liabilities assumed by the Group are as follows:

	HK$'000
Investment properties	295,000
Trade and other receivables	164
Trade and other payables	(36)
Tax payable	(800)
Net assets assumed	294,328
Net cash outflow on acquisition	
Cash consideration paid (including downward consideration adjustments) for acquiring	
– the ES Shares	70,977
– the ES Loans	223,351
	294,328
Less: Deposits paid	(29,500)
	264,828

For pro forma purpose, it is assumed that, upon the ES Completion, the outstanding balances between the Empire Sail Group and its ultimate holding company and between the Empire Sail Group and its fellow subsidiaries, amounting to a net credit balance of approximately HK$223,351,000, are assigned to the ES Vendor. The adjustment represents the reclassification of (i) "amount due from former ultimate holding company" being a debit balance of approximately HK$193,000 to "amount due to the ES Vendor"; and (ii) "amount due to a former fellow subsidiary" being a credit balance of approximately HK$223,544,000 to "amount due to the ES Vendor". Of the total cash consideration (including consideration adjustments) of approximately HK$294,328,000, (i) approximately HK$223,351,000 represents consideration for acquiring the ES Loans on a dollar-for-dollar basis the amount of which is derived as aforesaid; and (ii) the remaining approximately HK$70,977,000 represents consideration for acquiring the ES Shares.

The Directors are informed of the income tax status of the Empire Sail Group. As, upon the ES Completion, a tax indemnity will be executed by the ES Vendor in favour of the Group undertaking to settle all tax liabilities of the Empire Sail Group incurred prior to the ES Completion Date for a period of seven years, the Directors determine that no adjustment to taxation charge is necessary. The Directors also determine that deferred tax assets on unutilised tax losses of the Empire Sail Group shall not be recognised as it is uncertain if such tax losses will be utilised.

For pro forma purpose, it is assumed that the fair value of the assets acquired and liabilities assumed at the ES Completion Date are the same amounts as at the beginning of the year; in particular, fair value of the Properties is HK$295,000,000, which is derived based on the consideration of the ES Acquisition, and the ES Loans is approximately HK$223,351,000. Any change in these amounts will affect the amount of the Properties being recognised and the cost of investment in Empire Sail.

4. The adjustment represents payment of the estimated transaction costs attributable to the ES VSA Circular of approximately HK$870,000.

5. The adjustment represents the recognition of fair value gain of the Properties (as investment properties) in profit or loss immediately before the Disposal Completion amounting to approximately HK$15,000,000, which is derived from fair value at the Disposal Completion Date of HK$310,000,000 and fair value at the beginning of the year of HK$295,000,000 per note 3 above. For pro forma purpose, it is assumed that the fair value of the Properties at the Disposal Completion Date is the same amount of fair value as at 30 September 2018, being HK$310,000,000, as assessed by Vigers, an independent valuer, adopting the market approach. There is no certainty that the fair value of the Properties at the Disposal Completion Date is the same amount of HK$310,000,000 being fair value as at 30 September 2018. Any change in this amount will affect the fair value gain/ loss of the Properties being recognised in profit or loss.

6. The adjustment represents (i) the Possible ES Disposal for a total cash consideration of HK$310,000,000; (ii) the recognition of the gain on the Possible ES Disposal of approximately HK$672,000; and (iii) the incurrence of expenses directly attributable to the Possible ES Disposal of approximately HK$6,650,000, which are recognised in profit or loss under "other expenses", including tender commission of approximately HK$6,200,000 and legal and other costs of approximately HK$450,000. HK$310,000,000 is the minimum price for a consideration that is expected to be in cash set by the Board for the Possible ES Disposal, below which equity interest of Empire Sail will not be sold, and, for pro forma purpose, it is assumed that cash settlement took place at the Disposal Completion Date.

For pro forma purpose, it is assumed that the consolidated statement of financial position as at the Disposal Completion Date included in the ES Proforma Accounts of the Empire Sail Group is the same as that as at 31 December 2016 contained in Appendix II to the ES VSA Circular subject to the pro forma adjustment of fair value gain of the Properties per note 5 above. The Empire Sail Group's net assets at the Disposal Completion Date are:

	HK$'000
Investment properties	310,000
Trade and other receivables	164
Trade and other payables	(36)
Tax payable	(800)
Net assets disposed of	309,328
Gain/loss on disposal of the Empire Sail Group:	
Consideration received	310,000
Net assets disposed of	(309,328)
Gain on disposal, before direct expenses	672
Expenses directly attributable to the Possible ES Disposal	(6,650)
Loss on disposal, after direct expenses	(5,978)

For pro forma purpose, taking into consideration of the fair value gain of the Properties recognised in profit or loss immediately before the Disposal Completion amounting to approximately HK$15,000,000 per note 5 above and expenses directly attributable to the ES Acquisition of approximately HK$2,350,000 per note 3 above, the ES Acquisition and the subsequent Possible ES Disposal together gives rise to a gain of approximately HK$6,672,000.

As per note 8 to the "Unaudited pro forma consolidated statement of financial position" of this appendix, because of the circumstances underlying the Possible Disposal, the Directors are of the opinion that any gain arising from the Possible ES Disposal shortly after the ES Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions and determine that no adjustment to income tax expense is necessary. There is no certainty that any gain arising from the Possible ES Disposal is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on the gain arising from the Possible ES Disposal will affect the income tax being recognised in profit or loss.

The minimum price of HK$310,000,000 for the Possible Disposal was decided by the Board taking into consideration the professionally-appraised value of the Properties. If the cash consideration for the Possible Disposal is above the minimum price of HK$310,000,000, there will be favourable financial effect to the Group. However, there is no certainty that the consideration determined in a Tender will exceed the minimum price of HK$310,000,000. There is also no certainty that successful tenderer can be secured in a Tender.

7. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$600,000.

8. The Unaudited Pro Forma Financial Information illustrates the effect of the Possible Disposal by sale of the ES Shares. Assuming (i) the Group disposes of the Properties instead of the ES Shares which is an alternative for the Possible Disposal; (ii) the total cash consideration is the minimum price of HK$310,000,000 as set out above; and (iii) the carrying amount of the Properties is HK$310,000,000 which is the fair value of the Properties as at 30 September 2018 per note 5 above; there will be no gain or loss upon disposal of the Properties before direct expenses. Direct expenses attributable to disposal of the Properties are approximately HK$6,650,000 per note 6 above and Hong Kong stamp duty to be borne by Empire Sail (as seller) of approximately HK$13,175,000, i.e. an aggregate sum of approximately HK$19,825,000. In this scenario, taking into consideration of the fair value gain of the Properties recognised in profit or loss immediately before the Disposal Completion amounting to approximately HK$15,000,000 per note 5 above and expenses directly attributable to the ES Acquisition of approximately HK$2,350,000 per note 3 above, the ES Acquisition and the subsequent disposal of the Properties together gives rise to a loss of approximately HK$7,175,000. As explained above, the Directors are of the opinion that any gain arising from the disposal of the Properties shortly after the ES Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions. There is no certainty that any gain arising from the disposal of the Properties is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on gain arising from the disposal of the Properties will affect the income tax being recognised in profit or loss.

9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group for the year ended 31 March 2018	Pro forma adjustments					Pro forma total for the Group for the year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)						*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Operating activities							
Profit (loss) before taxation	54,608	(2,350)	(870)	15,000	(5,978)	(600)	59,810
Adjustments for:							
Interest income	(2,367)	–	–	–	–	–	(2,367)
Interest expense	31,373	–	–	–	–	–	31,373
Depreciation	1,067	–	–	–	–	–	1,067
Net loss on modification of terms of convertible note	1,023	–	–		–	–	1,023
Gain on disposal of the Empire Sail Group	–	–	–		(672)	–	(672)
Gain on disposal of property, plant and equipment	(7)	–	–	–	–	–	(7)
Gain on changes in fair value of investment properties	(72,337)	–	–	(15,000)	–	–	(87,337)
Impairment loss on available-for-sale investments	3,406	–	–	–	–	–	3,406
Gain on disposal of available-for-sale investments	(45)	–	–	–	–	–	(45)
Loss on fair value changes of investments held for trading	2,195	–	–	–	–	–	2,195
Gain on fair value change of convertible note	(217)	–	–	–	–	–	(217)
Dividend income from listed investments	(4,537)	–	–	–	–	–	(4,537)
Operating cash flows before movements in working capital	14,162	(2,350)	(870)	–	(6,650)	(600)	3,692
Increase in properties held for development for sale	(575,313)	–	–	–	–	–	(575,313)
Increase in trade and other receivables	(10,276)	–	–	–	–	–	(10,276)
Increase in loans receivable	(902)	–	–	–	–	–	(902)
Increase in investments held for trading	(1,126)	–	–	–	–	–	(1,126)
Increase in trade and other payables	16,394	–	–	–	–	–	16,394

	The Group for the year ended 31 March 2018	Pro forma adjustments					Pro forma total for the Group for the year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)						*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Cash used in operations	(557,061)	(2,350)	(870)	–	(6,650)	(600)	(567,531)
Income tax paid	(441)	–	–	–	–	–	(441)
Dividend received from investments	41	–	–	–	–	–	41
Net cash used in operating activities	(557,461)	(2,350)	(870)	–	(6,650)	(600)	(567,931)
Investing activities							
Additions of investment properties	(201,710)	–	–	–	–	–	(201,710)
Purchase of other financial assets	(64,519)	–	–	–	–	–	(64,519)
Payment of deposits for acquisition of investment properties	(29,500)	29,500	–	–	–	–	–
Purchase of available-for-sale investments	(2,226)	–	–	–	–	–	(2,226)
Purchase of property, plant and equipment	(1,433)	–	–	–	–	–	(1,433)
Withdrawal of bank deposits with original maturity of more than three months	103,606	–	–	–	–	–	103,606
Proceeds from disposal of other financial assets	86,608	–	–	–	–	–	86,608
Interest received	2,951	–	–	–	–	–	2,951
Proceeds from disposal of available-for-sale investments	1,678	–	–	–	–	–	1,678
Dividend received from available-for-sale investments	1,401	–	–	–	–	–	1,401
Proceeds from disposal of property, plant and equipment	65	–	–	–	–	–	65
Net cash inflow on disposal of assets and liabilities through disposal of subsidiaries	–	–	–	–	310,000	–	310,000
Net cash outflow on acquisition of assets and liabilities through acquisition of subsidiaries	–	(294,328)	–	–	–	–	(294,328)
Net cash used in investing activities	(103,079)	(264,828)	–	–	310,000	–	(57,907)

	The Group for the year ended 31 March 2018	Pro forma adjustments					Pro forma total for the Group for the year ended 31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)						*(Unaudited)*
	(Notes 1 and 2)	*(Notes 1 and 3)*	*(Notes 1 and 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	
Financing activities							
Bank borrowings raised	318,071	–	–	–	–	–	318,071
Proceeds from issue of new shares	50,585	–	–	–	–	–	50,585
Proceeds from issue of convertible note	44,200	–	–	–	–	–	44,200
Interest paid	(31,688)	–	–	–	–	–	(31,688)
Repayment of bank borrowings	(5,359)	–	–	–	–	–	(5,359)
Transaction costs attributable to issue of new shares	(505)	–	–	–	–	–	(505)
Net cash from financing activities	375,304	–	–	–	–	–	375,304
Net decrease in cash and cash equivalents	(285,236)	(267,178)	(870)	–	303,350	(600)	(250,534)
Cash and cash equivalents at beginning of the year	409,884	–	–	–	–	–	409,884
Effect of foreign exchange rate changes	774	–	–	–	–	–	774
Cash and cash equivalents at end of the year, represented by bank balances and cash	125,422	(267,178)	(870)	–	303,350	(600)	160,124

Notes:

1. As per note 1 to the "Unaudited pro forma consolidated statement of financial position" of this appendix, the ES Completion Date took place on 30 April 2018. As such, the Group's cash flows for the year ended 31 March 2018 does not include the cash flows of the Empire Sail Group for the same period. For pro forma purpose, it is assumed that the ES Completion took place on 1 April 2017 and, immediately thereafter, the Disposal Completion also took place on 1 April 2017.

2. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2018 as set out in the published annual report of the Company for the year ended 31 March 2018.

3. The adjustment represents settlement in cash at the ES Completion Date of (i) the total cash consideration, including downward consideration adjustments, of the ES Acquisition amounting to approximately HK$294,328,000; and (ii) expense directly attributable to the ES Acquisition of approximately HK$2,350,000 recognised in profit or loss; and (iii) after deducting deposits paid of HK$29,500,000. Details of how the aforesaid amounts are derived are set as in note 3 to the "Unaudited pro forma consolidated statement of profit or loss and other comprehensive income" of this appendix.

4. The adjustment represents payment of the estimated transaction costs attributable to the ES VSA Circular of approximately HK$870,000.

5. The adjustment represents the recognition of fair value gain of the Properties (as investment properties) in profit or loss amounting to approximately HK$15,000,000, which is derived from fair value at the Disposal Completion Date of HK$310,000,000 and fair value at the beginning of the year of HK$295,000,000 as per note 5 to the "Unaudited pro forma consolidated statement of profit or loss and other comprehensive income" of this appendix. For pro forma purpose, it is assumed that the fair value of the Properties at the Disposal Completion Date is the same amount of fair value as at 30 September 2018, being HK$310,000,000, as assessed by Vigers, an independent valuer, adopting the market approach. There is no certainty that the fair value of the Properties at the Disposal Completion Date is the same amount of HK$310,000,000 being fair value as at 30 September 2018. Any change in this amount will affect the fair value gain/loss of the Properties being recognised in profit or loss.

6. The adjustment represents settlement in cash at the Disposal Completion Date of (i) total cash consideration of a minimum price of HK$310,000,000 for the Possible ES Disposal; and (ii) expense directly attributable to the Possible ES Disposal recognised in profit or loss of approximately HK$6,650,000.

   As per note 8 to the "Unaudited pro forma consolidated statement of financial position" of this appendix, because of the circumstances underlying the Possible Disposal, the Directors are of the opinion that any gain arising from the Possible ES Disposal shortly after the ES Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions and determine that no adjustment to income tax expense is necessary. There is no certainty that any gain arising from the Possible ES Disposal is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on the gain arising from the Possible ES Disposal will affect the income tax being recognised in profit or loss.

   The minimum price of HK$310,000,000 for the Possible Disposal was decided by the Board taking into consideration the professionally-appraised value of the Properties. If the cash consideration for the Possible Disposal is above the minimum price of HK$310,000,000, there will be favourable financial effect to the Group. However, there is no certainty that the consideration determined in a Tender will exceed the minimum price of HK$310,000,000. There is also no certainty that successful tenderer can be secured in a Tender.

7. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK$600,000.

8. The Unaudited Pro Forma Financial Information illustrates the effect of the Possible Disposal by sale of the ES Shares. Assuming (i) the Group disposes of the Properties instead of the ES Shares which is an alternative for the Possible Disposal; (ii) the total cash consideration is the minimum price of HK$310,000,000 as set out above; and (iii) the carrying amount of the Properties is HK$310,000,000 which is the fair value of the Properties as at 30 September 2018 per note 5 above; there will be no gain or loss upon disposal of the Properties before direct expenses. Direct expenses attributable to disposal of the Properties are approximately HK$6,650,000 per note 6 above and Hong Kong stamp duty to be borne by the Empire Sail Group (as seller) of approximately HK$13,175,000, i.e. an aggregate sum of approximately HK$19,825,000. In this scenario, taking into consideration of the fair value gain of the Properties recognised in profit or loss immediately before the Disposal Completion amounting to approximately HK$15,000,000 per note 5 above and expenses directly attributable to the ES Acquisition of approximately HK$2,350,000 per note 3 above, the ES Acquisition and the subsequent disposal of the Properties together gives rise to a loss of approximately HK$7,175,000. As explained above, the Directors are of the opinion that any gain arising from the disposal of the Properties shortly after the ES Acquisition is capital in nature and is not subject to income tax in Hong Kong or other jurisdictions. There is no certainty that any gain arising from the disposal of the Properties is not subject to income tax in Hong Kong or other jurisdictions. Any change in income tax levied on the gain arising from the disposal of the Properties will affect the income tax being recognised in profit or loss.

9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2018.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Remaining Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED

We have completed our assurance engagement to report on the compilation of unaudited 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 unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2018, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018 and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2018 and related notes as set out in Section A of Appendix V to the circular issued by the Company dated 20 November 2018 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Section A of Appendix V to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed possible disposal by tender of the entire interest in office units on the 12th Floor and car parking spaces on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "Properties") and/or all issued shares of Empire Sail Limited, the registered owner of the Properties, and its wholly-owned subsidiary, Best Legend International Holdings Limited, for a minimum price of HK$310,000,000 (the "Possible Disposal") on the Group's financial position as at 31 March 2018 and the Group's financial performance and cash flows for the year ended 31 March 2018 as if the Possible Disposal had taken place at 31 March 2018 and 1 April 2017, respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 March 2018, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited 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 (the "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 behavior.

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 Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited 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 unaudited 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 unaudited 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited 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 event or transaction at 31 March 2018 or 1 April 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited 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 unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited 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 unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
20 November 2018

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility insofar as it contains information about the Group, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Eminence. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular insofar as it contains information about the Group 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 misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the Directors and the chief executive of Eminence had the following interests and short positions in the shares, underlying shares or debentures of Eminence or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Eminence and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Eminence Director or, chief executive of Eminence 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 Eminence and the Stock Exchange.

Long positions in ordinary shares and underlying shares of the Company

Name of Director	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate percentage of the total issued shares of the Company
Lui Yuk Chu	Beneficiary of a trust and interest of controlled corporation *(Note i)*	739,330,692	288,880,281	1,028,210,973	
	Interest of spouse *(Note ii)*	–	11,300,000	11,300,000	
	Beneficial owner *(Note iii)*	–	11,300,000	11,300,000	
				1,050,810,973	35.43%
Kwong Jimmy Cheung Tim	Beneficial owner *(Note iv)*	–	11,300,000	11,300,000	0.38%

Notes:

(i) In the 739,330,692 shares, 93,549,498 shares and 645,781,194 shares are registered in the name of and beneficially owned by Landmark Profits Limited ("Landmark Profits") and Goodco Development Limited ("Goodco") respectively, both are the wholly-owned subsidiaries of Easyknit International Holdings Limited ("Easyknit"). Sea Rejoice Limited is interested in approximately 21.95% of the total number of issued shares of Easyknit and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited ("Magical Profits") is interested in approximately 36.74% of the total number of issued shares of Easyknit. 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 included Ms. Lui Yuk Chu and her family members other than her spouse). For the 288,880,281 underlying shares comprise (a) 880,281 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2014 convertible note ("2014CN"), (b) 100,000,000 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2017 convertible note 1 ("2017CN1"), and (c) 188,000,000 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2017 convertible note 2 ("2017CN2"), which are held by Goodco.

(ii) These underlying shares are share options granted by the Company under the Share Option Scheme on 14 October 2016 to Mr. Koon Wing Yee, the spouse of Ms. Lui Yuk Chu. By virtue of SFO, Ms. Lui Yuk Chu is deemed to be interested in these 11,300,000 underlying shares held by Mr. Koon Wing Yee.

(iii) These underlying shares are share options granted by the Company under the Share Option Scheme on 14 October 2016 to Ms. Lui Yuk Chu.

(iv) These underlying shares are share options granted by the Company under the Share Option Scheme on 14 October 2016 to Mr. Kwong Jimmy Cheung Tim.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of Eminence had any interests or short positions in the shares, underlying shares and/or debentures of Eminence and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Eminence and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Eminence Director or chief executive of Eminence 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 Eminence and the Stock Exchange.

(b) Substantial Shareholders' Interests in Shares, underlying Shares and debentures

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of Eminence, the persons ("Substantial Shareholders") (other than the Directors or the chief executive of Eminence) who had an interest or short position in the shares or underlying shares of Eminence which would fall to be disclosed to Eminence 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:

Long positions in ordinary shares and underlying shares of the Company

Name of substantial shareholder	*Notes*	Capacity	Number of ordinary shares held	Number of underlying shares held	Total	Approximate percentage of the total issued shares of the Company
Koon Wing Yee	*i & ii*	Interest of spouse	739,330,692	300,180,281	1,039,510,973	
	iii	Beneficial owner	–	11,300,000	11,300,000	
					1,050,810,973	35.43%
Goodco	*i & ii*	Beneficial owner	645,781,194	288,880,281	934,661,475	31.51%
Easyknit	*i & ii*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Magical Profits	*i & ii*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Accumulate More Profits Limited	*i*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Winterbotham Trust	*i & iv*	Trustee	739,330,692	288,880,281	1,028,210,973	34.67%
Winterbotham Holdings Limited	*iv*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Markson International Holdings Limited	*iv*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Christopher Geoffrey Douglas Hooper	*iv*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Ivan Geoffrey Douglas Hooper	*iv*	Interest of controlled corporation	739,330,692	288,880,281	1,028,210,973	34.67%
Madian Star Limited	*v*	Beneficial owner	–	537,500,000	537,500,000	18.12%
Hu Rong		Beneficial owner	400,000,000	–	400,000,000	13.49%
Able Merchant Limited		Beneficial owner	152,222,222	–	152,222,222	5.13%

Notes:

(i) In the 739,330,692 shares, 93,549,498 shares and 645,781,194 shares are registered in the name of and beneficially owned by Landmark Profits and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited is interested in approximately 21.95% of the total number of issued shares of Easyknit and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits is interested in approximately 36.74% of the total number of issued shares of Easyknit. 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 included Ms. Lui Yuk Chu and her family members other than her spouse). For the 288,880,281 underlying shares comprise (a) 880,281 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2014CN, (b)

100,000,000 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2017 2017CN1, and (c) 188,000,000 convertible shares (subject to adjustment) to be issued upon the full conversion of the 2017CN2, which are held by Goodco.

(ii) Ms. Lui Yuk Chu, an executive Director, is also a director of Landmark Profits, Goodco, Easyknit, Sea Rejoice Limited and Magical Profits.

(iii) These underlying shares are share options granted by the Company under the Share Option Scheme on 14 October 2016 to Mr. Koon Wing Yee, the spouse of Ms. Lui Yuk Chu.

(iv) Winterbotham Trust is trustee of The Magical 2000 Trust (the beneficiaries of which included 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. 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. The terms of this convertible note are revised for a term of 7 years at a conversion price of HK$0.16 per share with effect from 11 May 2017.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or 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. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

Save as disclosed in this circular, none of the Directors are interested in any contract or arrangement entered into by Eminence or any of its subsidiaries subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

Save as disclosed in this circular, at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2018, the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by, or leased to Eminence or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to Eminence or any of its subsidiaries.

5. DIRECTORS' INTERESTS 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.

6. MATERIAL CONTRACTS

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

(a) the subscription agreement dated 1 March 2017 entered into between Eminence and Goodco Development Limited, a wholly-owned subsidiary of Easyknit, relating to the issuing of a 3% per annum coupon rate 2017 convertible note for a principal amount of HK$16,000,000 conferring the rights to convert the Shares on the basis of the conversion price of HK$0.16 per Share till 2022;

(b) the second deed of amendments dated 1 March 2017 relating to the revision of the terms of a 2015 convertible note by revising the conversion price to HK$0.16 and extending the exercise period to 2022;

(c) the placing agreement dated 3 July 2017 entered into between Eminence and Get Nice Securities Limited, as the placing agent, to place 325,000,000 new Shares of Eminence at a placing price of HK$0.08 per Share;

(d) the subscription agreement dated 7 August 2017 entered into between Eminence and Goodco Development Limited, a wholly-owned subsidiary of Easyknit, relating to the issuing of a 3% per annum coupon rate convertible note for a principal amount of HK$28,200,000 conferring the rights to convert the Shares on the basis of the conversion price of HK$0.06 per Share till 2020;

(e) the sale and purchase agreement dated 14 August 2017 entered into between Treasure Arts International Group Limited, an indirect wholly-owned subsidiary of Eminence, and a seller relating to the acquisition of workshop A, 1/F of Fung Wah Factorial Building, which is situated at No. 646, 648 & 648A Castle Peak Road, Kowloon, Hong Kong, for a consideration of HK$11,500,000;

(f) the provisional sale and purchase agreement dated 15 August 2017 entered into between Treasure Arts International Group Limited as purchaser and a seller, relating to the acquisition of workshop D, ground floor of Fung Wah Factorial Building for a consideration of HK$69,800,000;

(g) the sale and purchase agreement dated 20 November 2017 entered into between Treasure Arts International Group Limited and certain sellers relating to the acquisition of workshop space A1, ground floor of Fung Wah Factorial Building for a consideration of HK$53,000,000;

(h) the placing agreement dated 30 November 2017 entered into between Eminence and Get Nice Securities Limited, as the placing agent, to place 447,000,000 Shares of Eminence at a placing price of HK$0.055 per Share;

(i) the provisional sale and purchase agreement dated 11 January 2018 entered into between Lion Capital Investment Limited, a wholly-owned subsidiary of Eminence, and Brilliant Circle Holdings International Limited in respect of the acquisition by Lion Capital Investment Limited of units at Capital Centre, No. 151 Gloucester Road, Hong Kong being the Properties, and

(j) a convertible notes subscription agreement dated 30 August 2018 entered into between Cherry Sky Investments Limited, a wholly-owned subsidiary of the Company and Plutux Labs Limited, to subscribe up to USD2,000,000 zero coupon convertible notes for a term of 36 months.

7. LITIGATION

As at the Latest Practicable Date, neither Eminence nor any of its subsidiaries was 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 pending or threatened by or against Eminence or any of its subsidiaries.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who are named in this circular or have given opinions or advice contained in this circular:

Name	Qualification
Cosmos CPA Limited	Certified Public Accountants
Deloitte Touche Tohmatsu	Certified Public Accountants
Vigers	Independent Professional Valuer

1. 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 2018 (being the date to which the latest published audited accounts of Eminence 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.

2. 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 appear.

9. GENERAL

(a) The company secretary of Eminence is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field.

(b) The registered office of Eminence is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of Eminence 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 Eminence is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English texts of this circular and the enclosed Proxy form prevail over the Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at Eminence'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 from the date of this circular up to and including the date of the SGM:

(a) the memorandum of association and bye-laws of Eminence;

(b) the annual reports of Eminence for each of the three years ended 31 March 2016, 2017 and 2018;

(c) the valuation report prepared by Vigers, the text of which is set out in Appendix II to this circular;

(d) the accountants' report on the intermediate subsidiaries Cosmos CPA Limited, the text of which is set out in Appendix IV to this circular;

(e) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group as set out in Appendix V to this circular;

(f) the letter(s) of consent referred to in the paragraph headed "Experts and Consents" in this Appendix;

(g) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(h) a copy of each circular issued by Eminence pursuant to the requirements of Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts of Eminence including this circular.

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 (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 Thursday, 6 December, 2018 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will proposed with or without amendment as an ordinary resolution of the Company:–

ORDINARY RESOLUTION

"**THAT**:

(a) the disposal by way of Tender of the entire interest of the Company and its subsidiaries in office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 square feet) and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "Properties") either direct or by disposal of Best Legend International Holdings Limited, a company incorporated in Hong Kong with limited liability, and Empire Sail Limited, the registered owner of the Properties, a company incorporated in the British Virgin Islands with limited liability (the "Intermediate Subsidiaries") at such price as the directors of the Company may determine not being less than HK$310,000,000 be and is hereby approved;

(b) the directors of the Company be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the disposal by way of Tender of the Properties (either direct or by way of disposal of the Intermediate Subsidiaries) and any contracts arising therefrom and to agree to such variations of the terms thereof as they may in their absolute discretion consider necessary or desirable;

(c) the approval above shall authorise the directors of the Company during the Relevant Period to enter into contracts which would or might require the disposal of the Properties and/or the Intermediate Subsidiaries after the end of the Relevant Period and, for the purposes of this resolution, "Relevant Period" means the period from the passing of this resolution until (and excluding) the earlier of: (i) the first anniversary of the passing of this resolution; and (ii) the revocation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

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

Hong Kong, 20 November, 2018

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 Eminence entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of Eminence.

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 Eminence'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 meeting.

5. Completion and return of the form of proxy will not preclude a shareholder of Eminence from attending and voting in person at the meeting and in such event, the form of proxy will be deemed to be revoked.

6. Where there are joint holders of any share of Eminence, 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 Eminence in respect of the joint holding.

7. For the purpose of determining shareholders' eligibility to attend and vote at the meeting, the register of members will be closed from Friday, 30 November 2018 to Thursday, 6 December 2018, both days inclusive, during which period, no transfers of shares in Eminence will be registered. In order for the holders to qualify to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with Eminence'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 no later than 4:30p.m. on Thursday, 29 November 2018.

8. 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.