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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a 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 and the accompanying form of proxy to the purchaser or the transferee or to the 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.

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This circular is for information only and does not constitute an invitation or offer to shareholders or any other persons to acquire, purchase, or subscribe for securities of Eminence Enterprise Limited.

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## EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

### PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE SHARE HELD AT THE RECORD DATE; AND NOTICE OF SPECIAL GENERAL MEETING

#### Underwriters of the Rights Issue



華晉證券資產管理有限公司  
China Rise Securities Asset Management Co. Limited



結好證券有限公司  
GET NICE SECURITIES LIMITED

#### Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



大有融資有限公司  
MESSIS CAPITAL LIMITED

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular. A letter from the Board is set out on pages 11 to 30 of this circular.

A letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 31 to 32 of this circular.

A letter from Messis Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, containing its advice in respect of the Rights Issue and the transactions contemplated thereunder is set out on pages 33 to 57 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, 15 December 2016 at 9:10 a.m. is set out on pages N-1 to N-3 of this circular. A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same 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 form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such case, the form of proxy shall be deemed to be revoked.

The Shares will be dealt in on an ex-rights basis from Tuesday, 20 December 2016. Dealings in the Rights Shares in their nil-paid form will take place from Wednesday, 4 January 2017 to Wednesday, 11 January 2017 (both dates inclusive). It is expected that the conditions referred to in the section headed "Conditions of the Rights Issue" in this circular are to be fulfilled on or before 4:00 p.m. on Thursday, 26 January 2017. If the conditions referred to in that section are not fulfilled, the Underwriting Agreement shall terminate and the Rights Issue will not proceed. Any person contemplating buying or selling Shares from the date of this circular up to the date on which all the conditions of the Rights Issue are fulfilled, and any dealings in the Rights Shares in their nil-paid form from Wednesday, 4 January 2017 to Wednesday, 11 January 2017 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealings in the Shares from the date of this circular and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional adviser. It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the Settlement Date to terminate its obligations under the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out under the section headed "Termination of the Underwriting Agreement" on pages 3 to 4 of this circular. Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and terminate and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that Eminence shall remain liable to pay to the Underwriter the expenses in connection with the Rights Issue. If the Underwriter exercises such right, the Rights Issue will not proceed.

23 November 2016

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## EXPECTED TIMETABLE

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The expected timetable is set out below:

<b>Event</b>	<b>2016</b> <b>(Hong Kong time)</b>
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Expected despatch date of circular with notice of SGM . . . . .	Wednesday, 23 November
Latest time for lodging proxy form . . . . .	9:10 a.m. on Tuesday, 13 December
Date and time of the SGM . . . . .	9:10 a.m. on Thursday, 15 December
Announcement on results of SGM . . . . .	Thursday, 15 December
Last day of dealings in Shares on a cum-rights basis . . . . .	Monday, 19 December
First day of dealings in Shares on an ex-rights basis . . . . .	Tuesday, 20 December
Latest time for Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Wednesday, 21 December
Closure of register of members of the Company . . . . .	Thursday, 22 December to Friday, 23 December (both dates inclusive)
Record date . . . . .	Friday, 23 December
Register of members re-opens . . . . .	Wednesday, 28 December
Despatch of Prospectus Documents . . . . .	Friday, 30 December

	<b>2017</b> <b>(Hong Kong time)</b>
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First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 4 January
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Friday, 6 January
Last day of dealing in nil-paid Rights Shares . . . . .	4:00 p.m. on Wednesday, 11 January

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## EXPECTED TIMETABLE

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Latest time for acceptance of, and payment for,  
the Rights Shares and the application for  
excess Rights Shares .....4:00 p.m. on  
Monday, 16 January

Latest time to terminate the Underwriting Agreement  
and for the Rights Issue to become unconditional.....4:00 p.m. on  
Friday, 20 January

Announcement of results of the Rights Issue .....Wednesday, 25 January

Refund cheques to be despatched in relation to wholly  
or partially unsuccessful applications for excess  
Rights Shares on or before .....Thursday, 26 January

Certificates for fully paid Rights Shares to be  
despatched on or before.....Thursday, 26 January

Commencement of dealings in fully-paid Rights Shares .....9:00 a.m. on  
Friday, 27 January

*Notes:*

- (i) Date of dealings specified in this circular refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Shareholders will be notified of any change to the expected timetable as and when necessary.
- (ii) The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take effect if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:
  - (1) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of, and payment for, the Rights Shares and for application and payment for excess Rights Shares. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take effect on the Acceptance Time, the dates mentioned above may be affected. The Company will notify Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to 4:00 p.m. on the Settlement Date if:

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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In addition, the Underwriter has the right to terminate the Underwriting Agreement if any material breach of the warranties under the Underwriting Agreement comes to the knowledge of the Underwriter.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and neither it nor the Company shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter the fees and expenses payable under it (other than the underwriting commission). If the Underwriter exercises such right, the Rights Issue will not proceed.

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## DEFINITIONS

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*In this circular, unless the contents otherwise requires, the following expressions have the meanings as set out below:*

“2014CB”	the 2% per annum coupon rate convertible note issued by the Company on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert Shares on the basis of the then prevailing conversion price of HK\$22.72 per Share, of which the total outstanding amount is HK\$20,000,000
“2015CB”	the 2% per annum coupon rate convertible note issued by the Company on 12 June 2015 in the aggregate principal amount of HK\$86,000,000 conferring rights to convert Shares on the basis of the then prevailing conversion price of HK\$0.33 per Share, no conversion rights has been exercised yet
“2016CB”	the 2% per annum coupon rate convertible note issued by the Company on 27 July 2016 in the aggregate principal amount of HK\$50,000,000 conferring rights to convert Shares on the basis of the prevailing conversion price of HK\$0.225 per Share, all the conversion rights were fully exercised by 7 November 2016
“Acceptance Date” or “Latest Time for Acceptance of a payment of Rights Issue”	4:00 p.m. on Monday, 16 January 2017 (or such other time or date as the Underwriter may agree in writing with Eminence as the latest date for acceptance of, and payment of, Rights Shares)
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of Eminence
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Bye-laws”	the bye-laws of Eminence from time to time
“BVI”	British Virgin Islands
“CB Holder(s)”	holder of 2014CB or 2015CB or 2016CB

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## DEFINITIONS

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“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China Rise”	China Rise Securities Asset Management Company Limited as one of the underwriters in the Underwriting Agreement
“Companies Act”	The Companies Act 1981 of Bermuda
“connected persons”	has the meanings ascribed thereto in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Notes”	2014CB and 2015CB
“Directors”	the directors of Eminence
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Easyknit International”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 1218)
“Eminence” or “Company”	Eminence Enterprise Limited, an exempt company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“FW Building”	a building is known as Fung Wah Factorial Building which is situated at No. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong with a total of 32 units
“FW Remaining Units”	9 units of FW Building which are: (1) Units A1, C1 and D of ground floor; (2) Units A, B and D of 1st floor; (3) Unit D of 2nd floor; (4) Unit D of 4th floor; and (5) Unit A of 5th floor
“Get Nice”	Get Nice Securities Limited as one of the underwriters in the Underwriting Agreement



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## DEFINITIONS

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“Goodco”	Goodco Development Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of Eminence
“Group”	Eminence and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all of the 3 independent non-executive Directors formed for the purpose of advising the Independent Shareholder(s) on the Rights Issue
“Independent Financial Adviser” or “Messis”	Messis Capital Limited, a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders
“Independent Shareholders”	the Shareholders, other than the Directors (excluding the independent non-executive Directors), the chief executive of Eminence and their respective associates, who are not involved in, nor interested in, the Underwriting Agreement and the Undertakings
“Independent Third Party”	a third party independent of the Company and of connected persons (as defined in the Listing Rules) of the Company
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the BVI with limited liability and a wholly owned subsidiary of Easyknit International, being a substantial Shareholder (as defined in the Listing Rules) of Eminence
“Last Trading Day”	12 October 2016, the date before entering into the Underwriting Agreement

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## DEFINITIONS

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“Latest Practicable Date”	21 November 2016, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Remaining Unit”	ground floor of No. 11 Matheson Street, Causeway Bay, Hong Kong
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions provided by legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Ordinance”	Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545)
“Overseas Shareholder(s)”	shareholder(s) whose name(s) appear on the register of members of Eminence at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong or Bermuda
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Posting Date”	Friday, 30 December 2016, or such other day as may be agreed between Eminence and the Underwriter, being the date of despatch of the Prospectus Documents
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by Eminence in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF

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## DEFINITIONS

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“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear on the register of members of Eminence at the close of business on the Record Date
“Record Date”	Friday, 23 December 2016 or such other date as the Underwriter may agree in writing with Eminence as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	Shares to be issued and allotted under the Rights Issue, being not less than 4,685,496,177 Shares based on the issued share capital of Eminence as at the Latest Practicable Date, or if full exercise of the outstanding Convertible Notes, the Scheme Mandate Limit being fully utilised, and no Shares being repurchased by the Company on or before the Record Date, an aggregate of not more than 5,808,955,200 Shares
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme of the Company, which shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme or of the refreshment of such limit
“Settlement Date”	Friday, 20 January 2017, being the fourth Business Day following the Acceptance Date or such later date as Eminence and the Underwriter may agree
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting to be convened and held on 15 December 2016 to consider and approve the Rights Issue and the transactions contemplated thereunder

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Eminence
“Share Options”	the options issued or to be issued under the Share Option Scheme
“Share Option Scheme”	the existing share option scheme adopted by the Company on 29 June 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.103 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Undertakings”	the conditional irrevocable undertakings dated 13 October 2016 from Landmark Profits and Goodco to Eminence and the Underwriter as described in the section headed “Undertakings from Landmark Profits and Goodco” in this circular
“Underwriters”	China Rise and Get Nice
“Underwriting Agreement”	the underwriting agreement dated 13 October 2016 entered into between Eminence and the Underwriters in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	being all the Rights Shares other than the Rights Shares to be provisionally allotted to and accepted by Landmark Profits and Goodco pursuant to the Undertakings under the Underwriting Agreement
“%”	percentage

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## LETTER FROM THE BOARD

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### 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)*  
Ms. Koon Ho Yan Candy

*Non-executive Directors:*

Mr. Tse Wing Chiu Ricky  
Mr. Lai Law Kau

*Independent Non-executive Directors:*

Mr. Kan Ka Hon  
Mr. Lau Sin Ming  
Mr. Foo Tak Ching

*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

23 November 2016

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE  
HELD AT THE RECORD DATE**

### INTRODUCTION

On 13 October 2016, Eminence announced the proposal to raise not less than approximately HK\$435.6 million and not more than approximately HK\$598.3 million, before expenses, by issuing not less than 4,228,829,511 Rights Shares (assuming no Shares being issued and repurchased by the Company on or before the Record Date) and not more than 5,808,955,200 Rights Shares (assuming full exercise of the Convertible Notes and the Scheme Mandate Limit being fully utilised, and no Shares being repurchased by the Company on or before the Record Date) at the Subscription Price of HK\$0.103 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date and payable in full on acceptance.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the total issued Shares has increased from 1,409,609,837 Shares to 1,561,832,059 Shares as a CB Holder fully exercised the conversion rights attached to 2016CB for a total of 152,222,222 Shares on 7 November 2016, therefore the total minimum number of the Rights Shares to be issued is increased from 4,228,829,511 Rights Shares to not less than 4,685,496,177 Rights Shares and the funds to be raised from the Rights Issue shall be increased from approximately HK\$435.6 million to not less than approximately HK\$478.2 million.

The Rights Issue is conditional upon, inter alia, the passing of a resolution at the SGM to approve the Rights Issue.

The Independent Board Committee comprising all the independent non-executive Directors has been established by the Company to advise the Independent Shareholders on whether the terms of the Rights Issue is fair and reasonable and whether the Rights Issue is in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account of the recommendations of the Independent Financial Adviser. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM.

### **1. Proposed Rights Issue**

#### *Issue statistics*

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.103 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	1,561,832,059 Shares
Number of new Shares to be issued upon full exercise of the outstanding Convertible Notes and Share Options	:	374,486,341 Shares

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## LETTER FROM THE BOARD

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Number of Rights Shares to be issued pursuant to the Rights Issue and aggregate nominal value as at the Latest Practicable Date : Not less than 4,685,496,177 Rights Shares and not more than 5,808,955,200 Rights Shares, with an aggregate nominal value of HK\$46,854,961.77 and HK\$58,089,552 respectively

Total number of issued Shares upon completion of the Rights Issue : Not less than 6,247,328,236 Shares and not more than 7,745,273,600 Shares

*Notes:*

- (1) As at the Latest Practicable Date, the total outstanding of the conversion shares to be issued to the CB Holders is 261,486,341 Shares.
- (2) As at the Latest Practicable Date, pursuant to the Scheme Mandate Limit, the Company granted a total of 113,000,000 Share Options under the Share Option Scheme which are exercisable on or before the Record Date enabling the holders thereof to convert to an aggregate of 113,000,000 Shares.

The number of Rights Shares to be issued pursuant to the Rights Issue represents 3 times the issued share capital of Eminence and 75% of enlarged issued share capital of Eminence immediately following the completion of the Rights Issue.

As at the Latest Practicable Date, save for the 2014CB and 2015CB and the Share Options, Eminence does not have any options outstanding under any share option scheme or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

### ***Subscription Price***

The Subscription Price is HK\$0.103 per Rights Share, payable in full upon acceptance under the PAL(s) and on application under the EAF(s).

The Subscription Price represents:

- (i) a discount of approximately 33.12% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 40.12% to the average closing price of approximately HK\$0.172 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 6% to the theoretical ex-rights price of approximately HK\$0.11 per Share after the Rights Issue, based on the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Rights Issue;
- (iv) a discount of approximately of 93.75% to net asset value of approximately HK\$1.649 per Share based on the audited consolidated net asset value of the Group of HK\$2,324,444,000 as at 31 March 2016 and 1,409,609,837 Shares in issue on the Last Trading Day; and

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## LETTER FROM THE BOARD

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- (v) a discount of approximately 46.07% to the closing price of HK\$0.191 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between Eminence and the Underwriters with reference to the scale of the Rights Issue, the market price of the Shares and the prevailing market conditions. The Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular, after having been advised by an independent financial adviser) consider that the discount would encourage Shareholders to participate in the Rights Issue and accordingly maintain their shareholdings in Eminence and participate in the future growth of the Group. In view of the prevailing market conditions of the capital market in Hong Kong and the benefits of the Rights Issue, the Directors (excluding the independent non-executive Directors whose opinion will be set forth in this circular, after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue are fair and reasonable and in the best interests of the Group and the Shareholders as a whole.

### ***Basis of provisional allotment***

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted.

### ***Status of the Rights Shares***

The Rights Shares, when allotted, fully-paid or credited as fully-paid and issued, shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

### ***Fractional entitlements to the Rights Shares***

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### ***Qualifying Shareholders***

To qualify for the Rights Issue, investors must be registered as members of Eminence and not be a Non-Qualifying Shareholder at the close of business on the Record Date. However, Overseas Shareholders whose names appear on the register of members of Eminence at the close of business on the Record Date whom the Board, based on legal opinions to be provided by legal advisers, considers necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place will not be regarded as Qualifying Shareholders.



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## LETTER FROM THE BOARD

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Eminence is in the process of considering the rights of the Overseas Shareholders and the arrangements in respect of the Rights Issue for them, including whether it is feasible to extend the Rights Issue to such Shareholders.

Further information in this connection will be set out in the Prospectus to be despatched to the Shareholders.

Eminence retains the right, in its discretion, to make any arrangement to avoid any offer of Rights Shares to Shareholders (without compliance with registration or other legal requirements) outside Hong Kong.

In order to be registered as members of Eminence at the close of business on the Record Date, beneficial owners must lodge any transfers of Shares (together with the relevant share certificates) with branch share registrar of Eminence in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 21 December 2016.

Eminence will send the Prospectus Documents to the Qualifying Shareholders only.

### *Non-Qualifying Shareholders*

Eminence will send the Prospectus only (without any PAL and EAF) to the Non-Qualifying Shareholders for their information.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. Eminence will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, none of the Shareholders had address outside of Hong Kong.

### *Closure of register of members*

The register of members of Eminence will be closed on Thursday, 22 December 2016 and Friday, 23 December 2016 (both dates inclusive). No transfers of Shares will be registered during this period.

### *Application for excess Rights Shares*

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

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## LETTER FROM THE BOARD

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Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Details of the basis of allocation of excess Rights Shares will be disclosed in the circular and Prospectus in relation to the Rights Issue.

Investors with their Shares held by a nominee should note that the nominee is a single Shareholder for the purposes of the Rights Issue. Accordingly, investors whose Shares are registered in the names of nominees should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually.

Investors with their Shares held by a nominee should consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by nominee(s) and would like to have their names registered on the register of members of Eminence, must lodge all necessary document with the branch share registrar of Eminence in Hong Kong for completion of the relevant registration by 4:30 p.m. on Wednesday, 21 December 2016.

The latest time for acceptance of Rights Shares will be 4:00 p.m. on Monday, 16 January 2017, or such later date or time as may be agreed between Eminence and the Underwriters.

### *Application for listing*

Eminence will apply to the Listing Committee of the Stock Exchange for the listings of, and permission to deal in the Rights Shares, in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in board lots of 5,000. Dealings in the Rights Shares registered in the branch register of members of Eminence in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

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## LETTER FROM THE BOARD

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### *Share certificates and refund cheques for Rights Issue*

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Thursday, 26 January 2017 to those who have accepted, or (where applicable) applied for, and paid for the Rights Shares, by ordinary post at their own risk.

Refund cheques in respect of wholly or partly unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Thursday, 26 January 2017 by ordinary post to the applicants at their own risk.

## **2. Underwriting Arrangements for the Rights Issue**

The Company has considered the underwriting terms provided by the Underwriters including but without limitation to the subscription price, the commission and their level of affordability in the market. The commission rate of 1% under the Underwriting Agreement was determined after arm's length negotiations between the Company and the Underwriters by reference to the market rate. Having considered that (i) the commission rate offered by the Underwriters is more favorable than other financial institutions with reference to the public records for providing the underwriting services to the Hong Kong listed company for the last 2 months; and (ii) the experience and financial resources of the Underwriters for underwriting securities, the Directors consider the terms of the Underwriting Agreement (including the commission) to be fair and reasonable, within the range of normal commercial terms to the Company, and in the best interests of the Company and the Shareholders as a whole.

### *Principal terms of the Underwriting Agreement*

**Date** : 13 October 2016

**Parties** : (i) Eminence;  
(ii) China Rise, being one of the Underwriters; and  
(iii) Get Nice, being one of the Underwriters

China Rise is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), and type 9 regulated activity (asset management) under the SFO. As at the date of this circular, China Rise does not have any interests in the Company.

Get Nice is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 regulated activity (dealing in securities), type 4 regulated activity (advising on securities), type 6 regulated activity (advising on corporate finance) and type 9 regulated activity (asset management) under the SFO. As at the date of this circular, Get Nice does not have any interest in the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Underwriters and their respective ultimate controlling shareholder are third parties independent of Eminence and connected persons of Eminence.

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## LETTER FROM THE BOARD

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Pursuant to the Underwriting Agreement, the Underwriters has conditionally agreed to fully underwrite, not less than 3,313,504,101 Underwritten Shares and not more than 4,434,322,281 Underwritten Shares not taken up by the Qualifying Shareholders, subject to the terms and conditions of the Underwriting Agreement, being the total number of the Rights Shares less a total of 1,371,992,076 Rights Shares undertaken to be taken up by Landmark Profits and Goodco pursuant to the Undertakings.

On 7 November 2016, the total number of the issued Shares is increased from 1,409,609,837 Shares to 1,561,832,059 Shares as a CB Holder fully exercised the conversion rights attached to 2016CB for a total of 152,222,222 Shares, therefore as at the Latest Practicable Date, the total number of Underwritten Shares to be underwritten by the Underwriters are not less than 3,313,504,101 Rights Shares.

Under the Underwriting Agreement, in the event of the Underwriters being called upon to subscribe for or procure subscribers for the Underwritten Shares, the Underwriters shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

### *Commission*

Eminence will pay the Underwriters an underwriting commission of 1% of the aggregate subscription price of the allotted Rights Shares which are underwritten by them. Directors (excluding the independent non-executive Directors whose opinion will be set forth in the circular, after having been advised by an independent financial adviser) consider that the underwriting commission accords with market rates.

### *Undertakings from Landmark Profits and Goodco*

As at the Latest Practicable Date, Easyknit International, through Landmark Profits and Goodco, are interested in 457,330,692 Shares, representing approximately 29.28% of the total issued share capital of Eminence. Pursuant to the Underwriting Agreement, Landmark Profits and Goodco have signed the Undertakings in favour of Eminence and the Underwriters pursuant to which it has conditionally undertaken, inter alia, that the Shares held by it on the date of the Undertakings will remain registered in its name at the close of business on the Record Date and that the Rights Shares to be provisionally allotted to them representing 1,371,992,076 Rights Shares which will be taken up and paid for in full by it. The obligations of Landmark Profits and Goodco under the Undertakings are conditional upon the Underwriting Agreement becoming unconditional in accordance with its terms. If the conditions are not fulfilled, all liabilities of Landmark Profits and Goodco thereunder shall cease and the undertaking shall lapse, and no party shall have any claims against the other for matters referred to in the Undertakings. Landmark Profits and Goodco will not apply for any excess Rights Shares.

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## LETTER FROM THE BOARD

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### *Termination of the Underwriting Agreement*

Underwriters may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to Eminence at any time prior to 4:00 p.m. on the Settlement Date if there occurs:

- (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (b) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; or
- (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

and in the absolute opinion of the Underwriters, such change would have a material and adverse effect on the business, financial or trading position or prospects of Group as a whole or the success of the Rights Issue or make it inadvisable or inexpedient to proceed with the Rights Issue.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) Eminence commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriters receive notification pursuant to the Underwriting Agreement or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or

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## LETTER FROM THE BOARD

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- (iii) Eminence shall, after any matter or event referred to in the relevant clauses of the Underwriting Agreement has occurred or comes to the Underwriters' attention fail promptly to send out any announcements or circulars (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents), as the Underwriters may reasonably request for the purpose of preventing the creation of a false market in the securities of Eminence, the Underwriters shall be entitled (but not bound) by notice in writing issued by the Underwriters to Eminence to elect to treat such matter or event as releasing and discharging the Underwriters from its obligations under the Underwriting Agreement.

**Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and neither it nor Eminence shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that Eminence shall remain liable to pay to the Underwriters the fees and expenses (other than the underwriting commission) payable by Eminence pursuant to the Underwriting Agreement. If the Underwriters exercise such right, the Rights Issue will not proceed.**

### Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following:

- (i) the passing of resolutions at the SGM to approve the Rights Issue;
- (ii) the registration by and filing with the Registrar of Companies in Hong Kong of the Prospectus Documents;
- (iii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders on the Posting Date;
- (iv) compliance with and performance by Eminence of certain undertakings and obligations under the terms of the Underwriting Agreement;
- (v) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms and such listings and permission to deal not having been withdrawn or revoked by no later than the first day of their dealings;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Settlement Date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days;
- (vii) delivery by Eminence to the Underwriters of the Undertakings by Landmark Profits and Goodco to accept their respective entitlement under the Rights Issue and fulfillment of their respective obligations under the undertakings; and

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## LETTER FROM THE BOARD

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(viii) if required, the Bermuda Monetary Authority granting its consent to the issue of Rights Shares.

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions (i), (ii) and (iii) above are not fulfilled and/or waived (other than conditions (i) which cannot be waived in whole or in part by the Underwriter) on or before the despatch of the Prospectus Documents or in the event that the conditions (iv), (v) and (vi) above have not been satisfied/or waived (other than conditions (iv) and (v) above which cannot be waived in whole or part by the Underwriter) on or before 4:00 p.m. on the Settlement Date or such other time as specified therein (whichever is earlier), (or, in each case, such later date as the Underwriter and Eminence may agree) all liabilities of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other (except that certain expenses of the Underwriter shall remain payable by Eminence) and the irrevocable undertakings by Landmark Profits and Goodco to accept their entitlements under the Rights Issue will lapse and the Rights Issue will not proceed.

### CHANGES IN THE SHAREHOLDING STRUCTURE OF EMINENCE ARISING FROM THE RIGHTS ISSUE

The changes in the shareholding structure of Eminence arising from the Rights Issue are as follows:

#### Scenario 1: No exercise of the outstanding 2014CB, 2015CB and Share Options

	As at the Latest Practicable Date		Immediately after the completion (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Substantial Shareholders</b>						
<i>Landmark Profits</i>	93,549,498	5.99	374,197,992	5.99	374,197,992	5.99
<i>Goodco</i>	<u>363,781,194</u>	<u>23.29</u>	<u>1,455,124,776</u>	<u>23.29</u>	<u>1,455,124,776</u>	<u>23.29</u>
<b>Sub-total Public</b>	457,330,692	29.28	1,829,322,768	29.28	1,829,322,768	29.28
<i>– Underwriters</i>	0	0	0	0	3,313,504,101	53.04
<i>– Other public shareholders</i>	<u>1,104,501,367</u>	<u>70.72</u>	<u>4,418,005,468</u>	<u>70.72</u>	<u>1,104,501,367</u>	<u>17.68</u>
<b>Total</b>	<u><u>1,561,832,059</u></u>	<u><u>100.00</u></u>	<u><u>6,247,328,236</u></u>	<u><u>100.00</u></u>	<u><u>6,247,328,236</u></u>	<u><u>100.00</u></u>

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## LETTER FROM THE BOARD

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**Scenario 2: Assuming full exercise of all outstanding Convertible Notes and the Share Options but no further issue of new Shares or repurchase of Shares by Eminence from the date of this circular and the Underwriting Agreement up to and including the Record Date**

	<b>Immediately upon full exercise of all outstanding Convertible Notes and Share Option before Record Date</b>		<b>Immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)</b>		<b>Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Substantial Shareholders</b>						
<i>Landmark Profits</i>	93,549,498	4.83	374,197,992	4.83	374,197,992	4.83
<i>Goodco</i>						
– ordinary Shares	363,781,194	18.79	1,455,124,776	18.79	1,455,124,776	18.79
– underlying Shares of the outstanding 2014CB ( <i>Note 1</i> )	<u>880,281</u>	<u>0.05</u>	<u>3,521,124</u>	<u>0.05</u>	<u>3,521,124</u>	<u>0.05</u>
<b>Sub-total</b>	458,210,973	23.66	1,832,843,892	23.66	1,832,843,892	23.66
<b>Holders of Share Options</b>	113,000,000	5.84	452,000,000	5.84	113,000,000	1.46
<i>Public</i>						
– holder of 2015CB ( <i>Note 2</i> )	260,606,060	13.46	1,042,424,240	13.46	260,606,060	3.36
– Underwriters ( <i>Note 3</i> )	0	0	–	0	4,434,322,281	57.25
– other public shareholders	<u>1,104,501,367</u>	<u>57.04</u>	<u>4,418,005,468</u>	<u>57.04</u>	<u>1,104,501,367</u>	<u>14.26</u>
<b>Total</b>	<u><u>1,936,318,400</u></u>	<u><u>100.00</u></u>	<u><u>7,745,273,600</u></u>	<u><u>100.00</u></u>	<u><u>7,745,273,600</u></u>	<u><u>100.00</u></u>

*Notes:*

**This scenario is for illustrative purpose only.**

- (1) the holder of 2014CB is Goodco, the substantial shareholder of the Company.
- (2) the holder of 2015CB is Madian Star Limited, its ultimate beneficial owner is an Independent Third Party.
- (3) Under the Underwriting Agreement, in the event of the Underwriters being called upon to subscribe for or procure subscribers for the Underwritten Shares, the Underwriters shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with Eminence, any of the Directors or chief executive or substantial shareholders of Eminence or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by Eminence upon completion of the Rights Issue.



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## LETTER FROM THE BOARD

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### **POSSIBLE ADJUSTMENTS OF THE CONVERTIBLE SHARES AND SHARE OPTIONS**

As a result of the proposed Rights Issue, the exercise price attached to the conversion rights of each of the 2014CB and 2015CB and Share Options shall be adjusted, if necessary, and Eminence shall make further announcement accordingly.

The Board confirmed that if the general mandate is not sufficient to cover the additional conversion Shares, the Company may obtain a specific mandate from the Shareholders for the issuance of additional conversion Shares.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Group is principally engaged in property investment, comprising the rental of investment properties; property development; securities investment and loan financing business.

#### **(1) Subscription Price**

The Subscription Price, the subscription rate of Rights Shares for each Share and other terms were determined after a consideration by the Directors of various matters such as stock market conditions, the dilution impact on Shareholders who choose not to take up the Rights Shares to be provisionally allotted to them, the position of the Underwriters on pricing, and the incentive to attract Shareholders to subscribe.

#### **(2) Dilution impact**

The maximum dilution impact of the Rights Issue to the existing Shareholders if they elect not to participate in the Rights Issue is 75%, that is to say that if they elect not to participate in the Rights Issue the percentage of the issued Shares represented by their respective holdings will fall by 75%. Maximum dilution effect of each rights issue is calculated as:  $(\text{number of rights shares to be issued under the basis of entitlement}) / (\text{number of existing shares held for the entitlement for the rights shares under the basis of entitlement} + \text{number of rights shares to be issued under the basis of entitlement}) \times 100\%$ .

The calculation of the maximum dilution effect of the Rights Issue to the existing Shareholders is  $((3)/(1+3)) \times 100 = 75.0\%$ .

#### **(3) Other alternatives of fund raising activities**

Eminence considered other fund raising activities as alternatives to the Rights Issue, including a sale of assets but there are no assets held by the Group that the Board considers it appropriate to liquidate for the purpose. A placing was also considered, but placings by their nature dilute the interest of Shareholders and the Board does not consider that to be an attractive alternative in present. Debt financing was a third alternative considered by the Directors, but that will incur interest costs for the Company and increase its gearing and it is not favourable to Eminence and the Shareholders.

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## LETTER FROM THE BOARD

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No negotiations were held with prospective counterparties to any of these possible fund raising alternatives because they were unattractive, for reasons mentioned above. Specifically, at the Latest Practicable Date, Eminence does not have facilities in place to renew or replace the loan to be repaid and has not negotiated with the lender for renewal of the bank loan or approached other banks for a new loan because Eminence at present considers equity financing to be preferable to debt financing.

As at 31 October 2016, the Group had unaudited cash and cash equivalents of approximately HK\$376 million, of which, approximately RMB49 million (equivalent to approximately HK\$57 million) is tied up in the PRC as investment capital which is not practical to transfer back to Hong Kong. Of the balance of HK\$319 million; (1) approximately HK\$29 million has been earmarked for the acquisition of the Matheson Remaining Unit; (2) approximately HK\$221 has been earmarked for the redevelopment cost of No. 14, 16, 18 and 20 Inverness Road, Kowloon, Hong Kong; and (3) approximately HK\$65 million is for appropriate acquisition and investment opportunities of the Group and general working capital of the Group.

The Board assessed the above current cash position, the Group's gearing ratio of approximately 0.11 as at 30 September 2016, market borrowing rates and market interest rates and then determined that repayment of bank loan with funds raised by the Rights Issue is in the interest of Eminence.

#### **(4) Financial position of the Group**

As at the Latest Practicable Date, the Group has sufficient funds to attend the daily operations of the Group for the next 12 months (but this does not include the acquisition of the Matheson Remaining Unit, FW Remaining Units to be financed by Rights Issue; and any new investment opportunities that may be occurred, which may need to be financed by new equity financing and/or bank or other financing if and when they arise).

#### **(5) Proposed use of proceeds of Rights Issue**

The estimated net proceeds of the Rights Issue will be approximately not less than HK\$478.2 million and not more than HK\$592.8 million respectively. A total of approximately 40% and 42% of the net proceeds shall be utilised for the acquisitions of the Matheson Remaining Unit and FW Remaining Units respectively; and approximately 9% shall be utilised for the acquisition of overseas investment properties and the remaining 9% shall be used as the working capital of the Company.

#### ***Matheson Remaining Unit***

Pursuant to section 3(1) of the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545), 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 where the purposes of redevelopment as to acquire the Matheson Remaining Unit. According to the legal advisers of the Company, the

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## LETTER FROM THE BOARD

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grant of sale order and public auction may require about 9 months to 14 months from the date of application. The timing will depend on, amongst other things, the response time by the owner of Matheson Remaining Unit. Pursuant to a court order dated 8 September 2016, the mediation held on 25 October 2016 between the Company and the owner of the Matheson Remaining Unit did not reach a settlement and shall proceed to Lands Tribunal for action.

A total of HK\$29 million raised through previous fund raising activities has thus far been earmarked for the acquisition of the Matheson Remaining Unit. Having considered the facts above, namely (i) the aforesaid sale order and public auction by the Lands Tribunal may be granted in early 2017, which is close to the expected completion time of the proposed Rights Issue in late January 2017 as scheduled; and (ii) it is possible that an agreement may be reached with the view that it is prudent for the Company to conduct the Rights Issue at the current time in order to obtain the necessary funding to prepare for the potential acquisition of or the possible public auction for the Matheson Remaining Unit, as the case may be.

### *FW Remaining Units*

As at the Latest Practicable Date, the Company via its subsidiaries is the owner of 21 units of the FW Building and the purchase of 5 more units of FW Building shall be completed in October and November 2016. Herebelow is the summary of the acquisition of the units of FW Building:

#### *1st Phase Acquisition*

The Group is the owner of Unit B, 1/F of the FW Building (“**GI Property**”) since 11 November 2015. The Group acquired the GI Property from a connected party at an acquisition cost of HK\$6,800,000 and this transaction was approved by the Independent Shareholders on 7 October 2015 and completed on 11 November 2015. Details of this transaction are disclosed in the Company’s circular dated 14 September 2015.

#### *2nd Phase Acquisition*

The Group has completed the acquisition of 20 units of the FW Building (“**TAI Properties**”) from Independent Third Parties for an aggregate acquisition cost of HK\$51,981,000. This transaction was approved by the Shareholders on 1 August 2016 and completed on 5 August 2016. Details of this transaction are disclosed in the Company’s circular dated 15 July 2016.

To aggregate the GI Property and TAI Properties, the Group totally owns 21 units of the FW Building which represents 66.67% of the undivided shares of the FW Building (as contemplated by section 3(1) of the Ordinance).

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## LETTER FROM THE BOARD

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### *3rd Phase Acquisition*

Pursuant to the Company's announcement dated 9 August 2016, 5 more units of the FW Building ("**DLL Properties**") are to be purchased from the Independent Third Parties via the acquisition of the sale share and sale loan of Daily Leader Limited ("**DLL**"). The aggregate purchase cost of DLL and DLL Properties is HK\$64,525,000. This transaction has been approved by the Shareholders on 7 October 2016 and be completed in mid-October and mid-November 2016 respectively. Details of this transaction are disclosed in the Company's circular dated 15 September 2016.

To aggregate the GI Property, TAI Properties and DLL Properties, the Group totally owns 26 units of the FW Building which represents 80% of the undivided shares of the FW Building (as contemplated by section 3(1) of the Ordinance).

### *4th Phase Acquisition*

As at the Latest Practicable Date, the Company has made known to the property agent and the owners of the FW Remaining Units that the Company has intention to purchase the FW Remaining Units and the negotiations with them are ongoing. The Board estimated that the present consideration to acquire the FW Remaining Units is approximately HK\$156,000,000. The Directors however noted that it is possible that an agreement may be reached before the court granted an order for sale (negotiations with the owners of the FW Remaining Units have been conducted simultaneously with the aforesaid application), therefore the funds of the Rights Issue may have to be utilised at any time.

On the other hand, the Company shall make application to the Lands Tribunal for an order to sell the undivided shares of the FW Building site for redevelopment purpose at the time when any of the owners are asking the selling price which is unreasonable and much higher than the comparables and the indication of the valuation. As at the Latest Practicable Date, the Company does not have a concrete timing to submit the application under the Ordinance as it depends on, but without limitation to the success level in the ongoing negotiations with the owners of the FW Remaining Units and the sentiment in the property market for redevelopment.

### *Investment in Overseas Investment Properties*

Since all the investment properties of the Company are Hong Kong properties, in order to balance and diversify the investment property segment, the Company is exploring the opportunity in the overseas property market and may invest in the PRC, Taiwan or the United Kingdom. The Company may consider to invest in the non-residential property with a reasonable return of yield and also the factors of the location with the traffic flow and any future growth in the rental. Furthermore, the overall legal and commercial background, financial environment and the jurisdictions are also the factors that the Company will consider. Detailed information on several overseas sale properties have been provided by the overseas agents and any investment of the overseas property is subject to the Company having sufficient financial resources. As at the Latest Practicable Date, the Company has not identified any specific acquisition target.

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## LETTER FROM THE BOARD

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### (6) Directors' opinion

The Board balanced various factors when considering the Rights Issue including the Subscription Price and the potential dilution impact of the Rights Issue on those Qualifying Shareholders who choose not to take up the Rights Shares to be provisionally allotted to them. After taking into account the terms of Rights Issue, which will both allow Eminence to raise funds without increasing its gearing and give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in Eminence, the Board considers that fund raising of this scale through the Rights Issue is fair and reasonable and in the best interests of Eminence and the Shareholders as a whole.

Save for the funding needs in the potential investment for the acquisition of Matheson Remaining Unit and FW Remaining Units, the Directors are of the opinion that, the Group will have sufficient working capital for daily operation for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

In addition, the Directors are in the opinion that the proceeds from the Rights Issue may satisfy the Company's expected funding needs for the acquisition of Matheson Remaining Unit and FW Remaining Units for the next 12 months but the Company may have to conduct further fund raising activities when good opportunities for other potential investments or property development projects occurs. As at the Latest Practicable Date, Eminence has no other plan to acquire any investment property(ies) nor entering into any binding agreement in respect of any potential investments or property development projects.

### FUND RAISING ACTIVITIES DURING PAST 12 MONTHS OF EMINENCE

Save as disclosed below, Eminence has not conducted any other equity fund raising exercise in the past 12 months immediately prior to the Latest Practicable Date.

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximate)</b>	<b>Intended use of net proceeds</b>	<b>Actual use of net proceeds (approximate)</b>
13 July 2016	Issue of convertible note with an aggregate principal amount of HK\$50,000,000 which may be converted into Shares at the conversion price of HK\$0.225 per Share (subject to adjustment)	HK\$50 million	Acquisition and investment opportunities; and for general working capital	Fully applied for: (a) HK\$3.4 million for payment of operating expenses  (b) HK\$10.0 million for loan financing business  (c) HK\$36.6 million for acquisition of properties

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## LETTER FROM THE BOARD

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Date of announcement	Event	Net proceeds ( <i>approximate</i> )	Intended use of net proceeds	Actual use of net proceeds ( <i>approximate</i> )
9 September 2016	Placing of 223,000,000 new Shares under general mandate	HK\$39.6 million	Acquisition and investment opportunities; and for general working capital	Fully applied for:  (a) HK\$1.0 million for loan financing  (b) HK\$1.5 million for payment of operating expenses  (c) HK\$7.0 million for acquisition of subsidiary  (d) HK\$30.1 million for acquisition of properties

### BUSINESS REVIEW OF THE GROUP

During the year, the Group was principally engaged in property investment, property development, investment in securities and loan financing business.

For the year ended 31 March 2016, the Group recorded a turnover of HK\$103,439,000, representing a decrease of HK\$89,050,000 or 46.3% from HK\$192,489,000 for the year 2015.

Loss attributable to owners of the Company for the year ended 31 March 2016 amounted to HK\$69,268,000 (2015: profit of HK\$31,086,000). The loss was mainly attributable to the loss on fair value changes of investment properties in Hong Kong of approximately HK\$33,399,000, the impairment loss recognised in the project of Inverness Road, Kowloon, Hong Kong which is a property under development for sale is HK\$15,511,000 and the fair value losses on investment held for trading, bonds and equity linked notes.

The basic loss per share for the year ended 31 March 2016 was HK\$0.14 (2015: basic earnings per share was HK\$100.04).

### WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Tuesday, 20 December 2016. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 4 January 2017 to Wednesday, 11 January 2017 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

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## LETTER FROM THE BOARD

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Any Shareholders or other persons contemplating selling or purchasing Shares, and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Wednesday, 4 January 2017 to Wednesday, 11 January 2017 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

### LISTING RULES IMPLICATIONS

The number of Rights Shares to be issued pursuant to the Rights Issue represents three times Eminence's issued share capital and approximately 75% of Eminence's enlarged issued share capital. As the Rights Issue will increase the issued share capital of Eminence by more than 50.0%, the Rights Issue is subject to approval from Independent Shareholders at the SGM, pursuant to Rule 7.19(6) (a) of the Listing Rules.

In accordance with the Listing Rules, Goodco, Landmark Profits and their respective associates will abstain from voting on the resolution to approve the proposed Rights Issue and the transactions contemplated thereunder at the SGM.

### 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, 15 December 2016 at 9:10 a.m. is set out on N-1 to N-3 of this circular. In compliance with the Listing Rules, the votes to be taken at the SGM in respect of the resolutions to be proposed at the SGM will be taken by poll, the results of which will be published after the SGM.

In accordance with the Listing Rules, Landmark Profits, Goodco and their respective associates will abstain from voting on the resolution(s) to approve the Rights Issue at the SGM. As at the Latest Practicable Date, the number of Shares held by each of Landmark Profits, Goodco and their respective associates are 93,549,498 and 363,781,194 respectively, representing approximately 5.99% and 23.29% of the issued share capital of the Company respectively. The voting of the Independent Shareholders at the SGM must be taken by way of a poll.

There had been no voting trust or other agreement or arrangement or understanding entered into by or binding upon any such Shareholders, and no obligation or entitlement of any such Shareholders whereby any one of them has or may temporarily or permanently passed control over the exercise of the voting right in respect of their respective interest in Eminence to a third parties either especially or on a case-by-case basis.

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## LETTER FROM THE BOARD

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Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same 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 the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

### RECOMMENDATIONS

Based on the information disclosed herein, the Directors are of the view that that the proposed Right Issue is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to make recommendations to the Independent Shareholders on how to vote at the SGM. Messis Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and that the Rights Issue are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolutions relating to the Rights Issue and the transactions contemplated thereunder to be proposed at the SGM.

### ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 31 to 32 of this circular which contains its recommendations to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder, and the letter from the Independent Financial Adviser set out on pages 33 to 57 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

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*





**EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

23 November 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE  
HELD AT THE RECORD DATE**

We refer to the circular dated 23 November 2016 (the “**Circular**”) of Eminence of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Rights Issue and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the Rights Issue and the transactions contemplated thereunder and to recommend whether or not the Independent Shareholders should vote for the resolutions to be proposed at the SGM to approve the Rights Issue and the transactions contemplated thereunder.

Messis Capital Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in such regards. We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Rights Issue and the transactions contemplated thereunder with the principal factors and reasons for its advice and recommendation.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue and the transactions contemplated thereunder are in the interests of Eminence and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Kan Ka Hon**

*Independent non-executive*

*Director*

**Lau Sin Ming**

*Independent non-executive*

*Director*

**Foo Tak Ching**

*Independent non-executive*

*Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



大有融資有限公司  
MESSIS CAPITAL LIMITED

23 November 2016

*To: The Independent Board Committee and the Independent Shareholders of Eminence Enterprise Limited*

Dear Sir/Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE  
HELD AT THE RECORD DATE**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, details of which are set out in the letter from the Board (the “**Letter**”) contained in the circular of the Company to the Shareholders dated 23 November 2016 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 13 October 2016, the Company proposes to raise not less than approximately HK\$435.6 million to approximately HK\$598.3 million, by issuing not less than 4,228,829,511 Rights Shares (assuming no Shares being issued and repurchased by the Company on or before the Record Date) and not more than 5,808,955,200 Rights Shares (assuming full exercise of the Convertible Notes and the Scheme Mandate Limited being fully utilised, and no Shares being issued and repurchased by the Company on or before the Record Date) at the Subscription Price of HK\$0.103 per Rights Share on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date and payable in full on acceptance. The estimated net proceeds from the Rights Issue will be approximately HK\$478.2 million to approximately HK\$592.8 million, of which approximately (i) 40% of the net proceed intended to be used in relation to the acquisition of the Matheson Remaining Unit; (ii) 42% of the net proceed intended to be used in relation to the acquisition of the FW Remaining Units; (iii) approximately 9% of the net proceed intended to be used in investing in the overseas investment properties; and (iv) the remaining approximately 9% of the net proceeds intended to be used as the working capital of the Company.

The number of Rights Shares to be issued pursuant to the Rights Issue represents three times of the Company’s existing issued capital as at the Latest Practicable Date and as the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to approval from Independent Shareholders at the SGM, pursuant to Rule 7.19(6) (a) of the Listing Rules. As of the Latest Practicable Date, the number of Shares held by each of Landmark Profits, Goodco and their respective associates are 93,549,498 and 363,781,194 respectively, representing approximately 5.99% and 23.29% of the issued Shares of the company respectively. In accordance to the Listing Rules, Landmark Profits, Goodco and their respective associates will abstain from voting on the resolution(s) to approve the Rights Issue and the transactions contemplated thereunder at the SGM.

An Independent Board Committee comprising all independent non-executive Directors, namely, Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching, has been established by the Board to make recommendations to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder.

We are appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether (i) the terms of the proposed Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the proposed Rights Issue at the SGM and the transactions contemplated thereunder.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company for the following transactions (the “**Previous Appointments**”):

<b>Date of the relevant circular and our letter of advice</b>	<b>Nature of the transaction</b>
2 March 2015	Rights issue
14 September 2015	Very substantial acquisition and connected transaction and rights issue
18 December 2015	Refreshment of existing general mandate to issue and allot shares

With regard to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the Previous Appointments as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence; (ii) we have

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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maintained our independence from the Company during the Previous Appointments; (iii) the service fees received separately or aggregately from the Previous Appointments and the current appointment do not constitute a significant portion of our total revenue, and (iv) our independence from the Company has not been compromised because of the Previous Appointments. Accordingly, we consider that the aforementioned previous appointments would not affect our independence, and that we are independent pursuant to Rule 13.84 of the Listing Rules.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the date of the SGM, and the Shareholders will be informed of any material change of information. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, the Underwriter or their respective subsidiaries or associates. We have not considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Rights Issue, we have considered the following principal factors and reasons:

#### A. Reasons for the Rights Issue

##### A.1 Business overview of the Group

The Group is principally engaged in property investment, comprising the rental of investment properties, property development, securities investment and loan financing business.

Set out below is a summary of the key financial information of the Group as extracted from the annual report of the Company for the year ended 31 March 2016 (the “**Annual Report 2016**”).

*Table 1: Consolidated statement of profit or loss*

	<b>For the year ended 31 March</b>	
	<b>2016</b> <i>(audited)</i> <i>HK\$'000</i>	<b>2015</b> <i>(audited)</i> <i>HK\$'000</i>
Turnover	103,439	192,489
Cost of sales	<u>(67,001)</u>	<u>(155,172)</u>
Gross profit	36,438	37,317
Other income	12,048	9,254
Other gains and losses	572	176
Other expenses	(1,067)	(1,621)
Distribution and selling expenses	(1,762)	(4,582)
Administrative expenses	(30,429)	(31,181)
Loss on changes in fair value of investment properties	(33,399)	(8,155)
Impairment loss on properties held for development for sale	(15,511)	–
(Loss)/gain on fair value changes of investments held for trading	(2,540)	40,040
Gain on fair value change of financial assets designated as at fair value through profit or loss	–	411
Loss on fair value change on bonds	(2,193)	–
Loss on fair value change on equity linked notes	(8,296)	–
Finance costs	<u>(15,099)</u>	<u>(6,541)</u>
(Loss)/profit before taxation	(61,238)	35,118
Taxation	<u>(8,030)</u>	<u>(4,032)</u>
(Loss)/profit for the year attributable to owners of the Company	<u><u>(69,268)</u></u>	<u><u>31,086</u></u>

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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*Table 2: Extract of segment revenues and results*

	<b>For the year ended 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>
<b>Turnover</b>	103,439	192,489
Sales of goods	75,208	172,082
Rental income	23,786	19,256
Interest income from loan financing	4,445	1,151
<b>Segment (loss)/profit</b>	(46,660)	44,538
Sales of goods	(8,067)	(3,660)
Rental income	(16,257)	3,998
Interest income from loan financing	4,324	1,051
Property development	(15,306)	(704)
Investment in securities	(11,354)	43,853

*Table 3: Consolidated statement of financial position*

	<b>As at 31 March</b>	
	<b>2016</b>	<b>2015</b>
	<i>(audited)</i> <i>HK\$'000</i>	<i>(audited)</i> <i>HK\$'000</i>
Cash and bank balances	465,279	204,234
Total assets	2,574,086	1,919,181
Total liabilities	249,642	356,536
Total equity	2,324,444	1,562,645

*Sources: Annual Report 2016*

According to the Annual Report 2016 and as shown in Table 1 and Table 2 above, the Group recorded revenue of approximately HK\$103.4 million for the year ended 31 March 2016, representing a decrease of approximately 46.3% as compared to approximately HK\$192.5 million for the year 2015. The decrease in revenue was mainly attributable to the significant decrease in the revenue generated by the garment sourcing and export segment by approximately HK\$96.9 million from approximately HK\$172.1 million in 2015 to approximately HK\$75.2 million in 2016 as a result of decrease in sales volume with the Group's major customers, the intensive competition in terms of pricing and transferring of customer orders. The Group's rental income increased from approximately HK\$19.3 million for the year ended 31 March 2015 to approximately HK\$23.8 million in 2016, mainly attributable to the addition of investment properties, the effect of tenancy renewal, periodic rental adjustments under the clauses of the existing tenancy agreements and new tenants. The Group's loss before taxation for the year ended 31 March 2016 was approximately HK\$61.2 million, as compared with profit before taxation of approximately HK\$35.1 million in 2015,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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. Finance costs of the Group also increased by approximately 130.8%, which mainly attributable to the effective interest expense on convertible notes.

As shown in Table 3 above, as at 31 March 2016, the Group had total assets, total liabilities and total equity of approximately HK\$2.57 billion, approximately HK\$249.6 million and approximately HK\$2.32 billion, respectively. Total assets increased by approximately HK\$654.9 million mainly attributable to the increase in acquisition of investment properties in November 2015, which comprises 6 residential units and 5 industrial units. Cash and bank balances increased from approximately HK\$204.2 million as at 31 March 2015 to approximately HK\$465.3 million as at 31 March 2016 mainly due to the issuance of new shares and convertible bonds which raised approximately HK\$630.5 million and HK\$86.0 million during the year ended 31 March 2016. As at 31 March 2015 and 2016, the Group had secured bank borrowings of approximately HK\$293.9 million and HK\$100.1 million, respectively.

### *A.2 Reasons for the Rights Issue and the use of proceeds*

According to the Annual Report 2016, the Directors expected that the Group shall emphasize the business segments of property development and securities investment, and to explore further quality investment opportunities to enhance its shareholders wealth. The Directors proposed the Rights Issue to strengthen its capital base and provide sufficient surplus capital to support the business development of the Group.

As stated in the Letter, the estimated net proceeds from the Rights Issue will be approximately HK\$478.2 million to approximately HK\$592.8 million, of which approximately (i) 40% of the net proceeds intended to be used in relation to the acquisition of the Matheson Remaining Unit; (ii) 42% of the net proceeds intended to be used in relation to the acquisition of the FW Remaining Units; (iii) approximately 9% of the net proceeds intended to be used in investing in the overseas investment properties; and (iv) the remaining approximately 9% of the net proceeds intended to be used as the working capital of the Company. As at the Latest Practicable Date, the Company has no other plan to acquire any investment property(ies) nor entering into any binding agreement in respect of any potential investments or property development projects.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(i) Matheson Remaining Unit*

In December 2015, the Company had filed an application to the Lands Tribunal for an order to sell all the undivided shares in a building where the purposes of redevelopment as to acquire the Matheson Remaining Unit. According to the legal advisers of the Company, the grant of sale order and public auction may require about nine months to fourteen months from the date of application. The timing will depend on, amongst other things, the response time by the owner of Matheson Remaining Unit. Pursuant to a court order dated 8 September 2016, the mediation held on 25 October 2016 between the Company and the owner of the Matheson Remaining Unit did not reach a settlement and shall proceed to Lands Tribunal for action.

After enquiring with the Company, we are given to understand that the Directors consider that (i) the aforesaid sale order and public auction by the Lands Tribunal may be granted in early 2017, which is close to the expected completion time of the proposed Rights Issue in late January 2017 as scheduled; (ii) it is possible that an agreement may be reached with the view that it is prudent for the Company to conduct the Rights Issue at the current time in order to obtain the necessary funding to prepare for the potential acquisition of or the possible public auction for the Matheson Remaining Unit, as the case may be.

*(ii) FW Remaining Units*

As mentioned in the Letter, as at the Latest Practicable Date, the Company via its subsidiaries if the owner of 21 Units of the FW Building during the 1st and 2nd phase of the acquisition and the purchase of 5 more units of the FW Building according to the 3rd phase acquisition shall be completed in October and November 2016. For the 4th phase acquisition, the Company has made known to the property agent and the owners of the FW Remaining Units that the Company has intention to purchase the FW Remaining Units and the negotiations with them are ongoing. The Board estimated that the consideration to acquire the FW Remaining Units is approximately HK\$156 million. Having considered that it is possible that an agreement may be reached before the court granted an order for sale (negotiations with the owners of the FW Remaining Units have been conducted simultaneously with the aforesaid application), therefore the funds of the Rights Issue may have to be used at any time.

*(iii) Investment in overseas investment properties*

As all the investment properties of the Company are Hong Kong properties, the management of the Company would like to balance and diversify its investment property segment and is exploring the opportunity to invest in the commercial properties in the PRC, Taiwan and the United Kingdom. According to the Letter, the Company may consider to invest in the non-residential property with a reasonable return of yield and having considered the factors, among others, the location with the traffic flow, future growth in the rental, overall legal and commercial background, financial environment and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the jurisdictions. However, the Company currently has not identified any specific acquisition target. On the other hand, we have conducted independent research on the market outlook of commercial properties in the PRC, Taiwan and the United Kingdom, and have reviewed certain market research reports released by global real estate services providers.

According to the report named “Asia Pacific Property Digest” released in August 2016, the PRC’s economic growth continues to soften in 2016 but infrastructure and other policy support should bolster growth in the short term. Rents in major cities such as Beijing, Shanghai and Guangzhou, the PRC are expected to grow moderately in the near future and demand will likely continue to be driven by food and beverage and entertainment tenants.

According to the report named “Taiwan sales and investment” released in August 2016, given the global economic uncertainties during the year, Taiwan’s GDP is still projected to grow 1.06% in 2016 and which is higher than that of 0.75% in 2015. Along with the trimming of main policy rates by the central bank of Taiwan, it is expected that there would be possible increase in yield rates and investment funds will surge within the real estate market in the near future.

According to another report named “Brexit briefing – UK retail” released in July 2016, the weakening in the pound post the Brexit vote could mean, that in some instances, it is expected that an expansion of the buyer pool as it has enhanced the attractiveness of real estate in the United Kingdom to overseas investors. Currency movements will have also improved overall returns for overseas investors.

Having considered the positive market outlook in the overseas real estate markets as mentioned above, coupled with the possible increase in yield rates under appropriate investment strategies, we concur with the view of the Directors that (i) the amount earmarked for future acquisition or investments in overseas market is fair and reasonable; and (ii) raising additional fund for future acquisition or investments with no identified target at this moment is fair, reasonable and in the interests of the Company and the Shareholders.

After enquiring with the Company, we are given to understand that the Directors consider that (i) the purpose of the acquisition of the Matheson Remaining Unit and FW Remaining Units are for the future redevelopment project is in line with the Group’s business strategy to focus on its property development segment; (ii) the subsequent planned property development projects and investment in overseas investment properties would in turn expand the Group’s investment property portfolio; (iii) the rental income from investment properties demonstrated an increasing trend and is one of the key source of revenue income of the Group; and (iv) the net proceeds from the Rights Issue enables the Group to have higher flexibility to capitalise any future investment opportunities arise. Based on the foregoing, we concur with the view of the Directors that the amount of net proceeds earmarked for future acquisition or investments is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### A.3 Fund raising activities during the past 12 months

We note that the cash and bank balances currently available to the Group were primarily attributable to the recent fund raising activities of the Company. The following table sets out the fund raising activities of the Company during the past 12 months immediately before the Latest Practicable Date:

Date of announcement	Fund raising activity	Net proceeds (approximate)	Intended use of net proceeds	Actual use of proceeds (approximate)
13 July 2016	Issue of convertible note with an aggregate principal amount of HK\$50.0 million which may be convertible into Shares at the conversion price of HK\$0.225 per Share (subject to adjustment)	HK\$50.0 million	Acquisition and investment opportunities; and for general working capital	Fully applied for: (a) HK\$3.4 million for payment of operating expenses; (b) HK\$10.0 million for loan financing business; and (c) HK\$36.6 million for acquisition of properties
9 September 2016	Placing of 223,000,000 new Shares under general mandate	HK\$39.6 million	Acquisition and investment opportunities; and for general working capital	Fully applied for: (a) HK\$1.0 million for loan financing; (b) HK\$1.5 million for payment of operating expenses; (c) HK\$7.0 million for acquisition of subsidiary; and (d) HK\$30.1 million for acquisition of properties

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Based on the table above, the Company has carried out two fund raising activities in the past 12 months and a total of approximately HK\$89.6 million was intended to be used as acquisition and investment opportunities and general working capital of the Group. We noted that the net proceeds from the fund raising activities in the past 12 months were fully applied as the respective intended uses.

As at 31 October 2016, the Group had unaudited cash and cash equivalent of approximately HK\$376 million, of which, approximately RMB49 million (equivalent to approximately HK\$57 million) is tied up in the PRC as investment capital which is not practical to transfer back to Hong Kong. Of the balance of HK\$319 million, the amount of which is earmarked by the Company as to (i) approximately HK\$29 million for the acquisition of the Matheson Remaining Unit; (ii) approximately HK\$221 for the redevelopment cost of No. 14, 16, 18 and 20 Inverness Road, Kowloon, Hong Kong; and (iii) approximately HK\$65 million for the Group's appropriate acquisition and investment properties and general working capital. Therefore, despite the cash and bank balances currently available to the Group, further fund is required to be raised by the Company to complete the possible acquisitions of the Matheson Remaining Unit, FW Remaining Units and investment in overseas investment properties.

Given that (i) the net proceeds from the fund raising activities in the past 12 months were fully applied as the respective intended uses; and (ii) the cash and bank balances of the Group have been earmarked for various business development activities which will broaden the Group's property portfolio and bring potential income in the long run, we are of the view that it is justifiable for the Group to raise further funds for funding the Group's possible acquisitions and investments as mentioned above.

### ***A.4 Financing alternatives***

As discussed with the Company, the Board has considered other alternative means of fund raising before resolving to the Rights Issue including the followings:

*(i) Sale of assets*

The Group's total assets amounted to approximately HK\$2.57 billion as at 31 March 2016, which mainly consist of (a) investment properties of approximately HK\$1,333.3 million; (b) available-for-sale investments of approximately HK\$133.0 million; and (c) properties held for development for sale of approximately HK\$524.0 million. The Directors considered that the assets held by the Group are currently or potentially revenue generating and are essential to the future development of the Group's operations. As at the Latest Practicable Date, there are no such assets which are appropriate to liquidate for fund raising.

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*(ii) Placing of new Shares*

As compared to the Rights Issue, the placing of new Shares would not allow the existing Shareholders the rights to participate in the fund raising exercise and they would be diluted without being offered an opportunity to maintain their shareholding interests in the Company.

*(iii) Debt financing*

As set out in this letter above, the Group's total interest-bearing secured bank borrowings outstanding as at 31 March 2016 were approximately HK\$100.1 million. The effective interest rates of these debts range from approximately 2.73% to 2.75% per annum. Therefore, if the Company were to raise HK\$478.2 million in the form of debt rather than equity, the Company would have to incur additional interest expenses. However, the equity raised through the Rights Issue would not be interest-bearing and hence the Company would have a notional savings in interest payable as compared with incurring interest. Therefore, the Rights Issue as compared to debt financing would allow the Company to strengthen its capital base and liquidity without incurring interest costs.

In view of the above, the Rights Issue is a favourable equity financing method available to the Group as (a) the Rights Issue offers all the Qualifying Shareholders equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution and participate as fully as they wish in the growth opportunity of the Company by way of applying for excess Right Shares; (b) the Rights Issue allows the Qualifying Shareholders who decide not to take up their entitlements under the Rights Issue to sell the nil-paid Rights Shares in the market for economic benefits; (c) the Rights Issue removes a certain degree of uncertainty as compared to best-efforts placing; and (d) the Rights Issue allows the Company to strengthen its capital base and liquidity without incurring interest costs and also enables the Company to reduce its gearing ratio.

***Our view***

Based on all of the above and having considered in particular that:

- (i) the Company will be able to expand its property investment segment which represented the second largest revenue stream and presented an upward trend by utilising additional funding of approximately HK\$478.2 million to complete the possible acquisition of the Matheson Remaining Units, FW Remaining Units and investment in overseas investment properties, which would enhance the Group's property portfolio;
- (ii) the Directors considered that the assets held by the Group are currently or potentially revenue generating and as at the Latest Practicable Date, there are no such assets which are appropriate to liquidate for fund raising;
- (iii) any placing of new Shares without first offering the existing Shareholders the opportunity to participate in the Company's equity raising exercise would result in the dilution of shareholding of and per Share value to the existing Shareholders;

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- (iv) as advise by the management, if the Company raises HK\$478.2 million in the form of debt rather than equity, the Company would incur interest expenses, which would further worsen the Group's performance given that the Group had already recorded net losses in the financial year ended 31 March 2016;
- (v) the amount of net proceeds earmarked for future acquisition and investments, including the Matheson Remaining Unit, FW Remaining Units and investment in overseas investment properties which would strengthen the Group's business segments and further broaden the Group's investment portfolio; and
- (vi) the benefits of financing by way of Rights Issue outweigh that of other financing alternatives as discussed in the paragraph A.4 above,

we concur with the Directors' view that the Rights Issue is an appropriate means to raise funds, enables the Group to enhance its capital base and for its business development and is in the interest of the Company and the Shareholders as a whole.

### **B. Principal terms of the Rights Issue**

#### ***B.1 Scale and Subscription Price***

The Subscription Price is HK\$0.103 per Rights Share. As advised by the Directors, the Subscription Price was determined based on arm's length negotiations between the Company and the Underwriters with reference to (i) the low trading liquidity of the Shares for the recent 12 months; (ii) the prevailing market price of the Shares, which has been generally on a declining trend; (iii) the net loss of the Group in the financial year ended 31 March 2016; and (iv) the Directors' consideration of the future business development of the Group.

In order to access the fairness and reasonableness of the Subscription Price, we set out the following informative analysis for illustrative purpose:

#### *Comparison with prevailing market price*

We note that the Subscription Price represents:

- (i) a discount of approximately 33.12% to the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and on the Last Trading Day;
- (ii) a discount of approximately 40.12% to the average closing price of approximately HK\$0.172 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day;

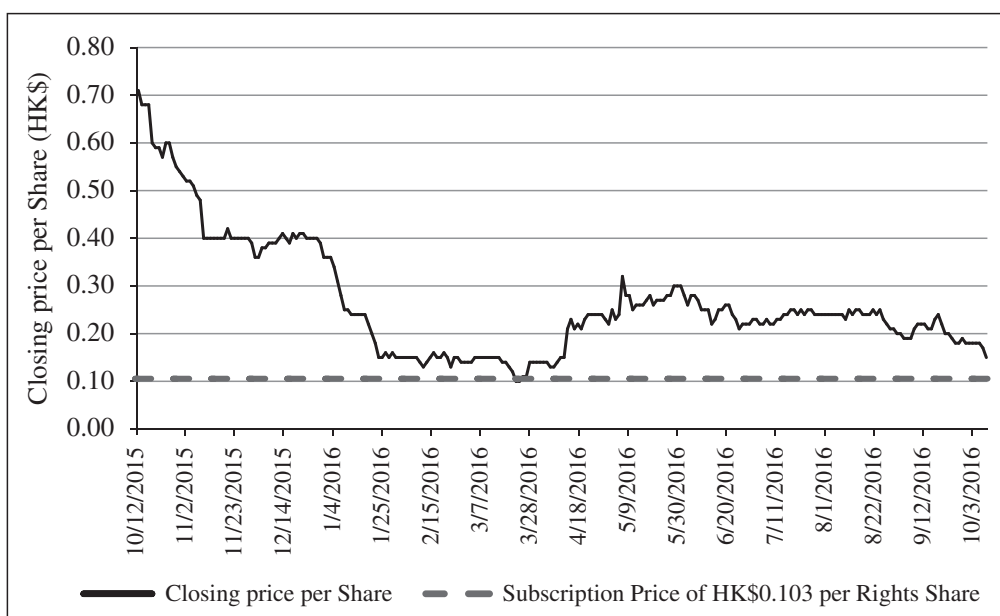
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- (iii) a discount of approximately 6.00% to the theoretical ex-rights price of approximately HK\$0.11 per Share after Rights Issue, based on the closing price of HK\$0.154 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Rights Issue;
- (iv) a discount of approximately 93.75% to net asset value of approximately HK\$1.649 per Share based on the audited consolidated net asset value of the Group attributable to the Shareholders of HK\$2,324,444,000 as at 31 March 2016 and 1,409,609,837 Shares in issue on the Last Trading Day; and
- (v) a discount of approximately 46.07% to the closing price of HK\$0.191 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the above, we note that the Subscription Price in general represents a substantial discount to the prevailing market price of the Shares.

### *Comparison with historical closing prices*

Set out below is the movements in the daily adjusted closing price per Share based on the closing price per Share as quoted on the Stock Exchange for a 12-month period from 12 October 2015 up to and including the Last Trading Day (the “**Review Period**”):



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

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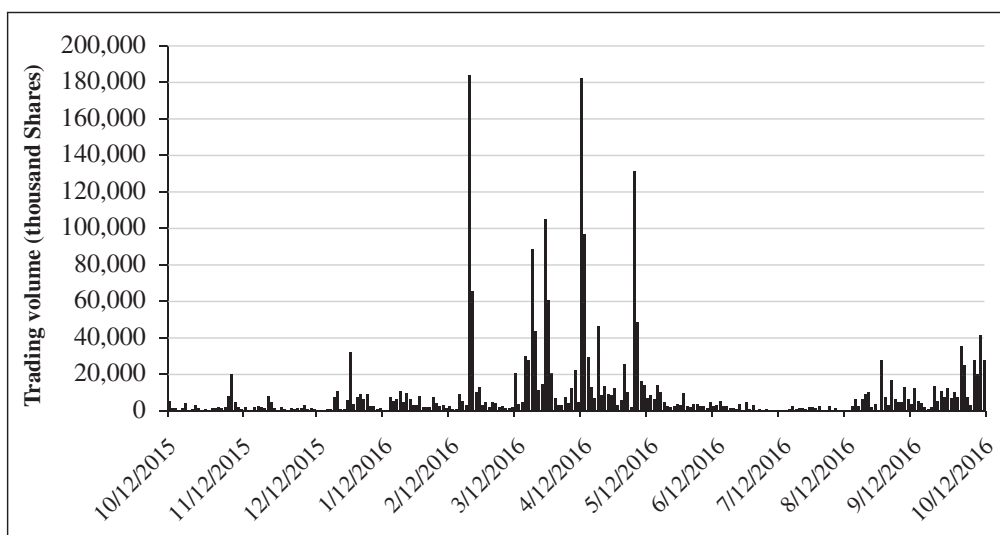
During the Review Period, the lowest closing price per Share was HK\$0.10 recorded on 22 March 2016 and 23 March 2016 while the highest closing price per Share was HK\$0.71 recorded on 12 October 2015. The average daily closing price per Share was approximately HK\$0.27 per Share.

We note that the Subscription Price of HK\$0.103 per Rights Share is below the daily closing prices per Share throughout the Review Period and represents (i) a discount of approximately 85.49% from the highest closing price; (ii) a premium of approximately 3.00% to the lowest closing price; and (iii) a discount of approximately 61.85% from the average daily closing price during the Review Period.

We also note that the daily adjusted price per Share in the Review Period demonstrated an overall declining trend as shown in the above diagram.

### *Review on the trading liquidity of the Shares*

The chart of daily trading volume of the Shares during the Review Period is as follows:



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)



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A table showing the average daily trading volume of the Shares per month and the respective percentages of the average daily trading volume as compared to the total number of issued Shares as at the Latest Practicable Date and the percentages of the average daily trading volume as compared to the total number of shares held by the public Shareholders as at the Latest Practicable Date during the Review Period is as follows:

	<b>Total trading volume of the Shares in the month</b>	<b>Number of trading days in the month</b>	<b>Average daily trading volume of the Shares in the month</b>	<b>Percentage of average daily trading volume to total number of Shares in issue as at the respective month-ends</b>
	<i>(Thousand Shares)</i>		<i>(Approximate thousand Shares) (Note 1)</i>	<i>(Approximate %) (Note 2)</i>
<b>2015</b>				
October (commencing from 12 October 2015)	22,164	14	1,583	0.1
November	69,393	21	3,304	0.2
December	76,496	22	3,477	0.2
<b>2016</b>				
January	102,228	20	5,111	0.4
February	316,683	18	17,594	1.2
March	437,961	21	20,855	1.5
April	510,376	20	25,519	1.8
May	329,135	21	15,673	1.1
June	53,103	21	2,529	0.2
July	19,424	20	971	0.1
August	103,986	22	4,727	0.3
September	170,249	21	8,107	0.6
October (up to and including the Last Trading Date) <i>(Note 3)</i>	152,164	7	21,738	1.5

*Notes:*

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on number of Shares in issue stated in the monthly return of equity issuer as at the respective month-end.
3. The Review Period commenced on 12 October 2015 and ended on the Last Trading Day

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We note that the average number of Shares traded per trading date in each month during the Review Period as a percentage of the total number of issued Shares as at the respective month-ends fluctuated notably, ranging from approximately 0.1% to approximately 1.8%.

### *Comparison with recent rights issue transactions*

We have conducted a search of rights issue transactions announced by companies listed on the Stock Exchange during the three-month period prior to the date of the Underwriting Agreement and have identified, based on such search criteria, seven rights issues (the “**Rights Issue Comparable(s)**”) for comparison purpose. To the best of our endeavour, we believe that the list of Rights Issue Comparables is an exhaustive list of rights issues meeting the aforesaid search criteria and is a fair and representative sample to be taken as a general reference of the recent market practices in relation to right issues.

Although the Rights Issue Comparables may be different from the Group in terms of business nature, financial performance, financial position and funding requirements, the Rights Issue Comparables can serve as a market reference for the recent market practice in relation to the subscription prices under other rights issues as compared to the relevant prevailing market share prices and provide an insight to the reasonableness of the Subscription Price in respect of the Rights Issue.

We set out our findings in the following table:

Date of announcement	Company name (Stock code)	Basis of entitlement	(Discount) of subscription price to the closing price on the last trading day (%)	(Discount) of subscription price to the theoretical ex-rights price (Note 1) (%)	Underwriting commission (%)	Maximum dilution (Note 2) (%)	Excess application (Yes/No)
9 Aug 2016	GT Group Holdings Limited (263)	1 for 2	(32.4)	(24.2)	3.0	33.3	No
12 Aug 2016	Enterprise Development Holdings Limited (1808)	3 for 1	(56.0)	(24.1)	3.0	75.0	Yes

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Date of announcement	Company name (Stock code)	Basis of entitlement	(Discount) of subscription price to the closing price on the last trading day (%)	(Discount) of subscription price to the theoretical ex-rights price (Note 1) (%)	Underwriting commission (%)	Maximum dilution (Note 2) (%)	Excess application (Yes/No)
19 Aug 2016	Chinese Food and Beverage Group Limited (8272)	9 for 1	(45.8)	(7.8)	2.5	90.0	Yes
2 Sep 2016	Tai United Holdings Limited (718)	2 for 1	(4.8)	(3.2)	2.0	66.7	Yes
7 Sep 2016	Chinlink International Holdings Limited (997)	5 for 1	(76.2)	(34.8)	2.0	83.3	Yes
20 Sep 2016	Sun Century Group Limited (1383)	3 for 1	(20.0)	(6.1)	3.0	75.0	Yes
25 Sep 2016	Advanced Card Systems Holdings Limited (2086)	1 for 8	(26.0)	(24.0)	4.0	11.1	Yes
	<b>Maximum</b>		(4.8)	(3.2)	4.0	90.0	
	<b>Minimum</b>		(76.2)	(34.8)	2.0	11.1	
	<b>Average</b>		(37.3)	(17.7)	2.8	62.1	
13 October 2016	The Company (616)	3 for 1	(33.1)	(23.1)	1.0	75.0	Yes

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

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*Notes:*

1. The theoretical ex-rights price is calculated by adding the market value of all the issued shares (based on the closing price of the shares on the last trading day) with the gross amount of subscription proceeds expected to be received from the rights issue (before expenses), and then divided by the total number of issued shares as enlarged by the rights issue. Taking the Company's case as an example, in case of every 3 rights share for every 1 existing shares,  $(3 \times \text{closing price on the last trading day}) + 1 \times (\text{the subscription price}) / (3+1)$  (i.e.  $(3 \times \text{HK}\$0.154 + 1 \times \text{HK}\$0.103) / (3+1) = \text{approximately } 23.1\%$ ).
2. Maximum dilution effect of each rights issue is calculated as:  $(\text{number of rights shares and (if any) bonus shares to be issued under the basis of entitlement}) / (\text{number of existing shares held for the entitlement for the rights shares under the basis of entitlement} + \text{number of rights shares and (if any) bonus shares to be issued under the basis of entitlement}) \times 100\%$ . Taking the Company's case as an example, for a rights issue with basis of 3 rights share for every 1 existing share taken up, the maximum dilution effect is calculated as  $(3)/(3+1) \times 100 = 75.0\%$ .

As shown on the above table, the subscription prices of all of the Rights Issue Comparables are set at a discount to the respective closing price per share on the last trading day, ranging from approximately 4.8% to approximately 76.2% with an average discount of approximately 37.3%. The Subscription Price represented a discount of approximately 33.1% to the closing price per Share on the Last Trading Day, which is lower than the average discount and within the range of discounts of the Rights Issue Comparables. We note that out of the seven comparables, three of which set the subscription price of the right shares at a higher discount than the average discount of the Rights Issue Comparables.

We also note that the discount to the theoretical ex-rights price per share represented by the Rights Issue Comparables ranged from a discount of approximately 3.2% to a discount of approximately 34.8%, with an average discount of approximately 17.7%. The Subscription Price represented a discount of approximately 23.1% to the theoretical ex-rights price per Share, which falls within the range of the Rights Issue Comparables but represents a higher discount than the corresponding average represented by the Rights Issue Comparables.

We further note that the maximum dilution effect of approximately 75.0% in respect of the Rights Issue falls within the range of the maximum dilution effect of the Rights Issue Comparables, but represents a higher discount than the corresponding average represented by the Rights Issue Comparables.

### ***Scale of the Rights Issue***

Firstly, as mentioned in the subsection "A.2 Reasons for the Rights Issue and the use of proceeds", the Company requires funds to complete the possible acquisition of properties, in order to enhance the Group's investment property portfolio and potentially increase the rental income of the Group. Based on the foregoing, we concur with the view of the Directors that the amount of net proceeds earmarked for future acquisition or investments is fair and reasonable.

Secondly, according to the Letter, the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters with reference to the scale of Rights Issue, the market price of the Shares and the prevailing market conditions. We note that the Subscription Price presents a discount to prevailing market price of the Shares and the net asset value per Share.

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As discussed in the paragraph “B.3 Excess application” below, Qualifying Shareholders who wish to increase their shareholding interests in the Company through the Rights Issue may subject to availability, (i) acquire additional nil-paid Rights Shares in the market; and (ii) apply for excess Rights Shares. Since the Qualifying Shareholders are given the right to subscribe for additional Rights Shares before the Underwriters take up any untaken Right Shares, we are of the view that the arrangement of excess application is fair and reasonable and in the interest of the Company and Shareholders as a whole.

In addition, we note from the Rights Issue Comparables as detailed in the table under the paragraph headed “Comparison with recent rights issue transactions” above in this letter that the maximum dilution to the respective shareholders of the listed companies as a result of the Rights Issue Comparables ranged from a minimum of 11.1% to a maximum of 90.0% with an average of approximately 62.1%. As such, although the maximum dilution of 75.0% to the existing public Shareholders as a result of the Rights Issue is above the average maximum dilution of the Rights Issue Comparables, it still falls within the said market range. Further, we note that there were four out of seven Rights Issue Comparables with maximum dilution that were higher than or equal to the Rights Issue.

Having considered that (i) the capital funding needs for the acquisition of properties to enhance the future performance of the Company is fair and reasonable; (ii) the drop of approximately 78.3% of the Share price from HK\$0.71 on 12 October 2015, being the day where the highest closing price occurred, to HK\$0.154 on the Last Trading Date; (iii) the discounts represented by the Subscription Price to the closing Share price on the Last Trading Day and to the theoretical ex-rights price are within the range of discounts represented by the Rights Issue Comparables; (iv) the maximum dilution of the Rights Issue falls within the said market range represented by the Rights Issue Comparables; (v) the Rights Issue and the Underwriting Agreement and the transactions contemplated thereunder are subject to approvals by the Independent Shareholders at the SGM; (vi) all Qualifying Shareholders are offered equal opportunities to subscribe for the Right Shares; and (vii) Qualifying Shareholders have the opportunity to realise their nil-paid Rights Shares, subject to availability, we consider the scale of Rights Issue and the Subscription Price are fair and reasonable so far as the Independent Shareholders are concerned.

### *Our view*

Notwithstanding the discount represented by the Subscription Price to the prevailing market price of the Shares and the closing prices per Share during the Review Period, we have taken into account that:

- (i) the setting of the Subscription Price at a discount to the market price could enhance the attractiveness of the Rights Issue for encouraging Qualifying Shareholders to participate in the Rights Issue and accordingly maintain their respective shareholding interest in the Company and participate in the future growth of the Company;
- (ii) the discounts represented by the Subscription Price to the closing Share price on the Last Trading Day and to the theoretical ex-rights price are within the corresponding ranges of discounts represented by the Rights Issue Comparables;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iii) the Group recorded loss for the financial year ended 31 March 2016 as referred to the paragraph A.1 above;
- (iv) the daily closing price per Share in the Review Period demonstrated an overall declining trend;
- (v) the trading volume of the Shares during the Review Period, as represented by the average number of Shares traded per trading date in each month during the Review Period as a percentage of the total number of issued Shares as at the respective month-ends, fluctuated notably, ranging from as low as 0.1% only;
- (vi) the Rights Issue offers all the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution;
- (vii) the Subscription Price was a commercial decision arrived at after arm's length negotiation between the Company and the Underwriters; and
- (viii) as advised by the Directors, during the negotiation of the Underwriting Agreement, it was indicated to the Company that such level of the Subscription Price is necessary to enable the Underwriters to provide the underwriting commitment,

Based on the totality of the foregoing factors, we are of the view that the scale of the Rights Issue and the Subscription Price are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### ***B.2 Underwriting commission***

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriters an underwriting commission of 1.0% of the aggregate Subscription Price of the Rights Shares underwritten by them. According to the Rights Issue Comparables (details of which are set out in the paragraph B.1 above), the underwriting commission of the Rights Issue Comparables ranged from a minimum of 2.0% to a maximum of 4.0%, with an average of approximately 2.8%. As the underwriting commission of the Rights Issue of 1.0% is out of the range and below the average of that of the Right Issue Comparables, we are of the view that the underwriting commission of 1.0% under the Underwriting Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***B.3 Excess application***

As stated in the Letter, Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis but will give preference to topping-up odd lots to whole board lots. Further details of the basis of allocation of excess Rights Shares are set forth in the Prospectus.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on our review of the basis of allocation, we are not aware of any unusual arrangement as compared to the Rights Issue Comparables. We therefore consider that such allocation basis is consistent with normal market practice.

### ***B.4 Potential dilution effect of the Rights Issue***

For illustration purposes, under the scenarios of (i) the conversion rights attaching to the outstanding 2014CB, 2015CB and Share Options are not exercised; and (ii) full exercise of the outstanding Convertible Notes and Share Options but no further issue of new Shares or repurchase of Shares by the Company from the signing of Underwriting Agreement up to and including the Record Date, the following tables set out the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately after completion of the Rights Issue assuming all Rights Shares are taken up by the Qualifying Shareholder(s); and (c) immediately after completion of the Rights Issue assuming only Landmark Profits and Goodco have subscribed their Rights Shares:

*Scenario (i): no exercise of the outstanding 2014CB, 2015CB and Share Options*

	<b>As at the Latest Practicable Date</b>		<b>Immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)</b>		<b>Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
<b>Substantial Shareholders</b>						
<i>Landmark Profits</i>	93,549,498	5.99	374,197,992	5.99	374,197,992	5.99
<i>Goodco</i>	<u>363,781,194</u>	<u>23.29</u>	<u>1,455,124,776</u>	<u>23.29</u>	<u>1,455,124,776</u>	<u>23.29</u>
<b>Sub-total</b>	457,330,692	29.28	1,829,322,768	29.28	1,829,322,768	29.28
<b>Public</b>						
<i>Underwriters</i>	–	–	–	–	3,313,504,101	53.04
<i>Other public Shareholders</i>	<u>1,104,501,367</u>	<u>70.72</u>	<u>4,418,005,468</u>	<u>70.72</u>	<u>1,104,501,367</u>	<u>17.68</u>
<b>Total</b>	<u><u>1,561,832,059</u></u>	<u><u>100.00</u></u>	<u><u>6,247,328,236</u></u>	<u><u>100.00</u></u>	<u><u>6,247,328,236</u></u>	<u><u>100.00</u></u>

In the event that all Qualifying Shareholders (except for Landmark Profits and Goodco) do not accept the Rights Issue and thus the Underwriters are obligated to take up all other the Right Shares underwritten by them, the maximum dilution effect on the Qualifying Shareholders' (except for Landmark Profits and Goodco) shareholding interests will be approximately 53.04%.

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*Scenario (ii): full exercise of the outstanding Convertible Notes and Share Options but no further issue of new Shares or repurchase of Shares by the Company from the signing of Underwriting Agreement up to and including the Record Date*

	Immediately upon full exercise of all outstanding Convertible Notes and Share Options before Record Date		Immediately after the completion of the Rights Issue (all Rights Shares are subscribed by the Qualifying Shareholders)		Immediately after the completion of the Rights Issue (only Landmark Profits and Goodco have subscribed the Rights Shares)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial Shareholders</b>						
<i>Landmark Profits</i>	93,549,498	4.83	374,197,992	4.83	374,197,992	4.83
<i>Goodco</i>						
– ordinary Shares	363,781,194	18.79	1,455,124,776	18.79	1,455,124,776	18.79
– underlying Shares of the outstanding 2014CB						
(Note 1)	880,281	0.04	3,521,124	0.04	3,521,124	0.05
<b>Sub-total</b>	458,210,973	23.66	1,832,843,892	23.66	1,832,843,892	23.67
<b>Holders of Share Options</b>						
<i>Public</i>						
– Holder of 2015CB						
(Note 2)	260,606,060	13.46	1,042,424,240	13.46	260,606,060	3.36
– Underwriter (Note 3)	–	–	–	–	4,434,322,281	57.25
– Other public						
<i>Shareholders</i>	1,104,501,367	57.04	4,418,005,468	57.04	1,104,501,367	14.26
<b>Total</b>	<u>1,936,318,400</u>	<u>100.00</u>	<u>7,745,273,600</u>	<u>100.00</u>	<u>7,745,273,600</u>	<u>100.00</u>

Notes:

- (1) the holder of 2014CB is Goodco, the substantial shareholder of the Company.
- (2) the holder of 2015CB is Madian Star Limited, its ultimate beneficial owner is an Independent Third Party.
- (3) Under the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares, the Underwriters shall use its best endeavours to ensure that (1) each of the subscribers of the Underwritten Shares procured by them shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.



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We are aware of the cumulative potential dilution effect as a result of the Right Issues, and those from arising from the fund raising activities in the past 12 months immediately preceding the Latest Practicable Date. However, we consider that the foregoing should be balanced against, among others, the following factors:

- (i) the Company will be able to expand its property investment segment which represented the second largest revenue stream and presented an upward trend by utilising additional funding of approximately HK\$478.2 million to complete the possible acquisition of the Matheson Remaining Units, FW Remaining Units and investment in overseas investment properties, which would enhance the Group's property portfolio;
- (ii) as advise by the management, if the Company raises HK\$478.2 million in the form of debt rather than equity, the Company would incur interest expenses, which would further worsen the Group's performance given that the Group had already recorded net losses in the financial year ended 31 March 2016;
- (iii) the positive financial effect as a results of the Rights Issue as detailed in the paragraph "C. Possible financial effects of the Rights Issue" below;
- (iv) as discussed in paragraphs A.1 to A.4 above, the Rights Issue enables the Group to enhance its capital base and its future business development and is in the interest of the Company and the Shareholders as a whole;
- (v) as discussed in paragraph B.1 above, the scale of the Rights Issue and the Subscription Price are fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- (vi) the relevant resolutions in respect of the previous fund raising activities have been passed by the then Shareholders at the relevant general meetings of the Company;
- (vii) the Independent Shareholders are offered an opportunity to attend and vote for or against the relevant resolution in relation to the Rights Issue and the Underwriting Agreement at the SGM;
- (viii) the Qualifying Shareholders are given an opportunity to elect whether to accept the Rights Issue or not;
- (ix) the Qualifying Shareholders who do not wish to take up the Rights Shares have the opportunities to sell their nil-paid rights to subscribe for the Rights Shares in the market for economic benefits;
- (x) the Right Issue offers the Qualifying Shareholders an opportunity to subscribe for their Right Shares for the purpose of maintaining their respective pro-rata shareholding interests in the Company at a discount as compared to the historical and prevailing market price of the Shares; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (xi) those Qualifying Shareholders who take up their assured entitlements in full under the Rights Issue will be able to maintain their respective pro-rata shareholding interests in the Company after completion of the Rights Issue.

Based on the foregoing, in view of (i) the positive financial effect as a result of the Rights Issue; and (ii) the maximum dilution of 75% as illustrated in the above tables is still within range of the maximum dilution of the Rights Issue Comparables, we consider that the Rights Issue is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

### **C. Possible financial effects of the Rights Issue**

#### *Cash resources*

Upon completion of the Rights Issue, it is expected that the Company can raise a net proceed of approximately HK\$478.2 million for the possible acquisition of Matheson Remaining Unit, FW Remaining Units and investment in overseas investment properties, and its unaudited bank balances and cash would increase by approximately HK\$478.2 million from approximately HK\$376 million as at 31 October 2016 to approximately HK\$854.2 million. The amount of net proceeds earmarked for future acquisition or investments is fair and reasonable as discussed in the paragraph “A.2 Reasons for the Rights Issue and the use of proceeds” above in this letter.

#### *Gearing ratio*

According to the Annual Report 2016, the total borrowings and total equity of the Company as at 31 March 2016 was approximately HK\$100.1 million and HK\$2.324 billion respectively. Accordingly, the gearing ratio (being the ratio of debt to total capital) of the Company was 4.3%. According to the unaudited pro forma financial information of the Group as set out in Appendix III to the Circular, the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2016 was approximately HK\$2,324,444,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue would be ranging from approximately HK\$2,802,680,000 to approximately HK\$2,917,242,000 as a result of the inflow of net proceeds from the estimated net proceeds from the Rights Issue.

#### *Our view*

Based on the foregoing, we consider that the Rights Issue can provide additional liquidity to and enhance the overall financial position of the Company.

### **RECOMMENDATION**

Having taken into consideration the principal factors and reasons discussed above, we are of the opinion that the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Rights Issue and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**  
**Robert Siu**                      **Erica Law**  
*Managing Director*    *Associate Director*

*Note:* Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Messis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

Ms. Erica Law is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Messis Capital Limited to carry out type 6 (advising on corporate finance) regulatory activity under the SFO and has over 5 years of experience in corporate finance industry.

**1. DIRECTORS****Particulars of Directors****Name****Address****Executive Directors**

Kwong Jimmy Cheung Tim

Flat F., 25/F.  
Block 5, Hanford Garden  
333 Castle Peak Road  
Castle Peak Bay  
Tuen Mun  
New Territories  
Hong Kong

Lui Yuk Chu

No. 7, Braga Circuit  
Kowloon  
Hong Kong

Koon Ho Yan Candy

No. 7, Braga Circuit  
Kowloon  
Hong Kong**Non-executive Directors**

Tse Wing Chiu Ricky

House D6  
Flamingo Garden  
No. 7, Fei Wan Road  
Fei Ngo Shan  
New Territories  
Hong Kong

Lai Law Kau

Flat A, 20/F.  
One Victory  
1-3A Victory Avenue  
Ho Man Tin  
Kowloon  
Hong Kong

**Independent Non-executive Directors**

Kan Ka Hon	Flat A, 7/F. Block 15, Villa Rhapsody Symphony Bay No. 553 Sai Sha Road New Territories Hong Kong
Lau Sin Ming	Flat D, 4th Floor Wah Shing Building 19 Castle Peak Road Kowloon Hong Kong
Foo Tak Ching	Flat A, 11th Floor Skyline Mansion 51 Conduit Road Hong Kong

**Executive Directors*****Mr. Kwong Jimmy Cheung Tim (Chairman and Chief Executive Officer)***

Mr. Kwong, aged 73, is an executive Director, chairman, chief executive officer and authorised representative of the Company and chairman of the Executive Committee. He is also an executive director, president, chief executive officer, authorised representative, and chairman of the executive committee of Easyknit International. Mr. Kwong graduated from the University of Hong Kong in 1965 and was admitted as a Barrister-at-Law in the United Kingdom in 1970 and in Hong Kong in 1973 respectively. He has over 30 years of experiences in the legal field. He serves as director of various subsidiaries of the Company and Easyknit International. Mr. Kwong was appointed to the Board as an independent non-executive Director in 2003, and was subsequently re-designated as an executive Director in 2007. In 2007, Mr. Kwong was appointed as chairman and chief executive officer of the Company.

***Ms. Lui Yuk Chu (Deputy Chairman)***

Ms. Lui, aged 58, is an executive Director and deputy chairman of the Company and a member of the Executive Committee. She is also an executive director, vice president, and a member of the executive committee of Easyknit International. Ms. Lui has been involved in the textiles industry for a number of years and has experience in design, manufacturing, marketing and distribution of apparel. She serves as director of various subsidiaries of the Company and Easyknit International. Ms. Lui was appointed to the Board as an executive Director in 2003 and was appointed as deputy chairman in 2006. She is the mother of Ms. Koon Ho Yan Candy, an executive Director of the Company. Ms. Lui is also the paternal sister-in-law of Mr. Lai Law Kau, a non-executive director of the Company.

***Ms. Koon Ho Yan Candy***

Ms. Koon, aged 31, is an executive Director and authorised representative of the Company, and a member of the Executive Committee since 2010. She is also an executive director, authorised representative and a member of the executive committee of Easyknit International. She graduated from the University of Durham, England in 2007 with a Bachelor of Arts degree in Economics and Politics. She also received her Bachelor of Laws degree and Legal Practice Course qualification in 2009 from the College of Law, England. Ms. Koon is the daughter of Ms. Lui Yuk Chu, the deputy chairman of the Company. She is also the niece of Mr. Lai Law Kau, the non-executive director of the Company.

**Non-executive Directors*****Mr. Tse Wing Chiu Ricky***

Mr. Tse, aged 58, is a non-executive Director of the Company. He is also a non-executive director of Easyknit International. Mr. Tse obtained a Master's Degree in Business Administration from Adam Smith University of America in the United States in 1996. He has many years of experience in garment manufacturing and merchandising. Mr. Tse was appointed to the Board as an executive Director and vice chairman in 2005, and was subsequently re-designated from vice chairman to chairman and appointed as chief executive officer in 2006. In 2007, Mr. Tse was re-designated from an executive Director to a non-executive Director of the Company and resigned as chairman and chief executive officer.

***Mr. Lai Law Kau***

Mr. Lai, aged 55, is a non-executive director of the Company since 2013. He has been involved in the textiles industry over 20 years and has extensive experience in design, manufacturing, marketing and distribution of apparel. He is also a non-executive director of Easyknit International. Mr. Lai is a paternal brother-in-law of Ms. Lui, the deputy chairman of the Company, and he is also an uncle of Ms. Koon Ho Yan Candy, an executive director of the Company.

**Independent Non-executive Directors*****Mr. Kan Ka Hon***

Mr. Kan, aged 65, is an independent non-executive Director of the Company since 2003. He is also a member and chairman of Audit Committee, a member of Remuneration Committee and Nomination Committee. He holds a Bachelor's Degree in Science from The University of Hong Kong and is a fellow member of The Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. He has many years of experience in accounting and finance. Mr. Kan is also an independent non-executive director of Victory City International Holdings Limited (stock code: 0539).

**Mr. Lau Sin Ming**

Mr. Lau, aged 54, is an independent non-executive Director of the Company since 2004. He is also a member and chairman of Remuneration Committee, a member of Audit Committee and Nomination Committee. He is a fellow member of The Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Certified Public Accountants. He has many years of experience in accounting and auditing and is now practising in his own name as certified public accountant.

**Mr. Foo Tak Ching**

Mr. Foo, aged 82, is an independent non-executive Director of the Company since 2007. He is also a member and chairman of Nomination Committee, a member of Audit Committee and Remuneration Committee. He is currently a Partner of Messrs. Liu, Choi & Chan, a firm of solicitors and notaries in Hong Kong and has been practicing in the legal field for more than 30 years. He obtained his LLB from the University of London in the United Kingdom in 1968 and his diploma in Chinese Laws from the University of East Asia in Macau in 1987. Mr. Foo was admitted as a solicitor in England and Wales in 1972 and in Hong Kong in 1973 and admitted as a barrister and solicitor in the State of Victoria, Australia in 1982. He is a Notary Public and a China Appointed Attesting Officer.

**2. CORPORATE INFORMATION**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Principal place of business</b>	7th Floor Hong Kong Spinners Building, Phase 6 481-483 Castle Peak Road Cheung Sha Wan, Kowloon Hong Kong
<b>Company secretary</b>	Lee Po Wing ( <i>LL.B.</i> )
<b>Authorised representatives</b>	Kwong Jimmy Cheung Tim Koon Ho Yan Candy

**Legal advisers to the Company**

*As to Hong Kong law:*  
David Norman & Co.  
22B Man On Commercial Building  
12-13 Jubilee Street  
Central  
Hong Kong

*As to Bermuda law:*  
Conyers Dill & Pearman  
2901 One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

**Auditor**

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

**Branch share registrar and  
transfer office in Hong Kong**

Tricor Secretaries Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

**Principal share registrar and  
transfer office in Bermuda**

MUFG Fund Services (Bermuda) Limited  
The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
Bermuda

**Principal bankers**

Hang Seng Bank Limited  
83 Des Voeux Road Central  
Hong Kong

The Hongkong and Shanghai Banking  
Corporation Limited  
1 Queen's Road  
Central  
Hong Kong

OCBC Wing Hang Bank  
161 Queen's Road Central  
Hong Kong



### 3. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue were as follows:

**(i) As at the Latest Practicable Date**

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
<u>1,561,832,059</u>	Shares in issue	<u>15,618,320.59</u>

**(ii) Immediately following completion of the Rights Issue (assuming no exercise of the outstanding Convertible Notes and Share Options before the Record Date)**

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
<i>Issued and fully-paid:</i>		<i>HK\$</i>
1,561,832,059	Shares in issue immediately before completion of the Rights Issue	15,618,320.59
<u>4,685,496,177</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>46,854,961.77</u>
<u>6,247,328,236</u>	Shares in issue immediately after completion of the Rights Issue	<u>62,473,282.36</u>

**(iii) Immediately following completion of the Rights Issue (assuming full exercise of the outstanding Convertible Notes and Share Options before the Record Date)**

<i>Authorised:</i>		<i>HK\$</i>
<u>20,000,000,000</u>	Shares	<u>200,000,000.00</u>
 <i>Issued and fully-paid:</i>		 <i>HK\$</i>
1,936,318,400	Shares in issue immediately before completion of the Rights Issue	19,363,184.00
<u>5,808,955,200</u>	Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>58,089,552.00</u>
<u>7,745,273,600</u>	Shares in issue immediately after completion of the Rights Issue	<u>77,452,736.00</u>

All the Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, fully paid or credited as fully paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

Each of the Shares in issue ranks *pari passu* with all other Shares in all respects including as to rights to dividends, voting and return of capital. The Rights Shares to be issued pursuant to the Rights Issue, when fully paid and issued, will rank *pari passu* in all respects with the Shares then in issue including as to the right to receive future dividends and distributions which may be declared, made or paid after the issue of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save for the outstanding Convertible Notes and Share Options entitling the holders thereof to subscribe for an aggregate of 374,486,341 Shares, as at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible or exchangeable securities in issue which confer any right to subscribe for, convert or exchange into Shares.

## 1. FINANCIAL SUMMARY OF THE GROUP

Herebelow are the details of the published annual reports showing the financial information of the Group:

<b>For the year ended</b>	<b>Publication date of annual report</b>	<b>Pages</b>
31 March 2016 <i>(<a href="http://www.eminence-enterprise.com/wp-content/uploads/2016/Annual/e_2015-Annual-Report.pdf">http://www.eminence-enterprise.com/wp-content/uploads/2016/Annual/e_2015-Annual-Report.pdf</a>)</i>	15 July 2016	61 – 157
31 March 2015 <i>(<a href="http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2014-Annual-Report.pdf">http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2014-Annual-Report.pdf</a>)</i>	21 July 2015	60 – 145
31 March 2014 <i>(<a href="http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2013-Annual-Report.pdf">http://www.eminence-enterprise.com/wp-content/uploads/Financial_Reports/2013-Annual-Report.pdf</a>)</i>	09 July 2014	52 – 146

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the present available financial resources and the net proceeds from Rights Issue, the Group has sufficient working capital for its present requirements and for the next to 12 months from the date of this circular in the absence of unforeseen circumstances.

## 3. INDEBTEDNESS

At the close of business on 31 October 2016, being the latest practicable date for ascertaining the information prior to the printing of this circular, the Group has outstanding bank borrowings of approximately HK\$267.2 million, which was guaranteed by the Company and were secured by certain properties of the Group.

Apart from as disclosed above and intra-group liabilities, the Group did not have at the close of business on 31 October 2016 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 Company for the year ended 31 March 2016, the China economy had been grown at a slower rate than the government target of 7% in 2015, the continuous sliding of the Chinese and Hong Kong stock markets in the past months, the financial uncertainties about the pace of increase in interest rates in the United States and the instabilities in the European economy, which are expected to cloud the global economic outlook. As Hong Kong's economic performance hinges on global economic and financial

conditions, these uncertain factors may affect property market sentiment in the months ahead. However, we expect the market to remain buoyant with more projects coming onto the market at competitive pricing levels and strong end user demand driving sales.

The Group will continue to closely monitor market changes, continue to adhere to its principle of steady development and endeavor to improve the development of the Project Inverness so as to increase the asset turnover rate. Meanwhile, the Group strives to improve the debt structure, adjust the project's management system in respect of management models and construction cost in order to enhance the profitability of the Group.

The turnover of the garment and sourcing export businesses continues decreasing due to the transferring of customer orders, shrinking profit margins and declining sales, the Board is now further evaluating this business segment and shall take appropriate action.

For the Project Matheson, it is now in the mediation process with the owner of the remaining unit in the Land (Compulsory Sale for Redevelopment) Ordinance; and the Sale order may be granted by the court in about September 2016. For the Project Inverness, the foundation works has commenced and to be completed in September 2016; and it is expected to be launched in the year 2018.

For the securities investment business, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company. The Company shall make suitable investment decisions which broadens and diversifies its investment portfolio with a view of realizing and/or optimizing the expected return and minimizing the risks.

Looking forward to 2016/17, the Group shall emphasize the business segments of property development and securities investment; and to explore further quality investment opportunities to enhance its shareholders wealth.

## 5. MATERIAL CHANGE

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date, save as disclosed in

- (i) the Company's announcement dated 13 June 2016 and 13 July 2016 relating to the acquisition of Treasure Arts International Group Limited ("TAI") for a total consideration of HK\$51,891,900 was satisfied by internal resources of the Company, and the completion date was 3 August 2016. TAI is an investment holding company and its sole assets is the 20 units of the FW Building; and
- (ii) the Company's announcement dated 3 August 2016 relating to the acquisition of Daily Leader Limited ("DLL") for a total consideration of HK\$64,525,000 was satisfied by internal resources of the Company, and the completion date was 13 October 2016. DLL is an investment holding company and its sole assets is the 5 units of the FW Building.

**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

**A.    UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET  
TANGIBLE ASSETS OF THE GROUP**

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company which has been prepared to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 March 2016. As it is prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Rights Issue.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 as extracted and derived from the Group's consolidated financial statements for the year ended 31 March 2016 included in the published annual report of the Group and is adjusted for the effect of the Rights Issue.

Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 <i>(Note 3)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Notes 4 and 5)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 per Share <i>(Note 6)</i> <i>HK\$</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 per Share immediately after completion of the Rights Issue <i>(Notes 7 and 8)</i> <i>HK\$</i>
Based on 4,685,496,177 Rights Shares to be issued <i>(Note 1)</i>	2,324,444	478,236	2,802,680	2.08
Based on 5,808,955,200 Rights Shares to be issued <i>(Note 2)</i>	2,324,444	592,798	2,917,242	2.08

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## APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE

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*Notes:*

1. Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date, the number of Shares in issue is 1,561,832,059 Shares and the number of Rights Shares to be issued is 4,685,496,177 Rights Shares (“Scenario 1”).
2. Assuming full exercise of all outstanding Convertible Notes and Share Options and the Scheme Mandate Limit being fully utilised but no further issue of new Shares or repurchase of Shares by the Company up to and including the Record Date, the number of Shares in issue is 1,936,318,400 Shares and the number of Rights Shares to be issued is 5,808,955,200 Rights Shares (“Scenario 2”).
3. The amount of consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2016 is based on the net tangible assets of the Group amounting to approximately HK\$2,324,444,000 as extracted and derived from the published annual report of the Group for the year ended 31 March 2016.
4. Under Scenario 1, the estimated net proceeds from the Rights Issue are based on 4,685,496,177 Rights Shares at the Subscription Price of HK\$0.103 per Rights Share on the basis of three Rights Shares for every one Share of the Company, after deducting the estimated underwriting commission and other related expenses of approximately HK\$4,370,000 to be incurred by the Company.
5. Under Scenario 2, the estimated net proceeds from the Rights Issue are based on 5,808,955,200 Rights Shares at the Subscription Price of HK\$0.103 per Rights Share on the basis of three Rights Shares for every one Share of the Company, after deducting the estimated underwriting commission and other related expenses of approximately HK\$5,524,000 to be incurred by the Company.
6. The number of Shares used for the calculation of this amount is 1,116,609,837 Shares, representing the number of Shares in issue as at 31 March 2016.
7. Under Scenario 1, the number of Shares used for the calculation of this amount is 5,802,106,014, representing 1,116,609,837 Shares and 4,685,496,177 Rights Shares.
8. Under Scenario 2, the number of Shares used for the calculation of this amount is 6,925,565,037, representing 1,116,609,837 Shares and 5,808,955,200 Rights Shares.
9. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2016.

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

**Deloitte.**

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**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 statement of adjusted consolidated net tangible assets of the Group as at 31 March 2016 and related notes as set out in Section A of Appendix III to the circular issued by the Company dated 23 November 2016 (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 III to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed rights issue of not less than 4,685,496,177 rights shares and not more than 5,808,955,200 rights shares of HK\$0.01 each at HK\$0.103 per rights share on the basis of three rights shares for every one share of the Company (the “Rights Issue”) on the Group’s net tangible assets as at 31 March 2016 as if the Rights Issue had taken place at 31 March 2016. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 March 2016, 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.

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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

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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 2016 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 unaudited pro forma adjustments give appropriate effect to those criteria; and



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**APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF  
THE GROUP UPON COMPLETION OF THE RIGHTS ISSUE**

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- 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 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  
23 November 2016

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interest in Shares, underlying Shares and debentures

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

#### *Long positions in Shares:*

Name of Director	Capacity	Number of Shares held	Number of underlying held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust ( <i>note i</i> )	457,330,692	880,281	458,210,973	29.32%
Ms. Koon Ho Yan Candy	Beneficiary of a trust ( <i>note ii</i> )	457,330,692	880,281	458,210,973	29.32%

#### *Notes:*

- (i) These Shares are respectively registered in the name of and are beneficially owned by Landmark Profits Limited (“**Landmark Profits**”) and Goodco, both are wholly-owned subsidiaries of Easyknit International. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International Holdings Limited (“**Easyknit International**”) and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited (“**Magical Profits**”) is interested in approximately 36.74% of the issued share capital of Easyknit International. 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 include Ms. Lui Yuk Chu and her family members other than her spouse).
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust.

*Long positions in underlying Shares:*

Name of Director	Date of grant	Exercise price per Share (HK\$)	Number of Share Options outstanding	Exercise period	Number of underlying Shares	Approximate percentage of underlying Shares in the Company's total issued share capital (note 1)
Lui Yuk Chu	14 October 2016	0.176	11,300,000	14 Oct 2016 – 13 Oct 2019	11,300,000	0.72%
Koon Ho Yan Candy	14 October 2016	0.176	11,300,000	14 Oct 2016 – 13 Oct 2019	11,300,000	0.72%

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

**(b) Substantial Shareholders' interest in Shares and underlying Shares**

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

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	457,330,692	880,281	458,210,973	29.32%
Landmark Profits	<i>i &amp; ii</i>	Beneficial owner	93,549,498	–	93,549,498	5.99%
Goodco	<i>i &amp; ii</i>	Beneficial owner	363,781,194	880,281	364,661,475	23.33%

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Easyknit International	<i>i &amp; ii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Magical Profits	<i>i &amp; iii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Winterbotham Trust	<i>i &amp; iv</i>	Trustee	457,330,692	880,281	458,210,973	29.32%
Winterbotham Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Markson International Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Christopher Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Ivan Geoffery Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	29.32%
Madian Star Limited	<i>v</i>	Beneficial owner	–	260,606,060	260,606,060	18.49%
Lung Chung Chi		Beneficial owner	262,180,000	–	291,455,000	20.68%
Hu Rong		Beneficial owner	117,810,000	–	117,810,000	8.36%
Able Merchant Limited	<i>vi</i>	Beneficial owner	152,222,222	–	152,222,222	9.74%
Get Nice Securities Limited	<i>vii</i>	Beneficial owner	3,465,431,443	–	3,465,431,443	44.73
Get Nice Incorporated	<i>vii</i>	Interest of controlled corporation	3,465,431,443	–	3,465,431,443	44.73
Get Nice Holdings Limited	<i>vii</i>	Interest of controlled corporation	3,465,431,443	–	3,465,431,443	44.73
Get Nice Financial Group Limited	<i>vii</i>	Interest of controlled corporation	3,465,431,443	–	3,465,431,443	44.73

## Notes:

- (i) In the 457,330,692 Shares, 93,549,498 Shares and 363,781,194 Shares are registered in the name of and beneficially owned by Landmark Profits and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit International. Goodco is also interested in 880,281 underlying Shares (subject to adjustment) to be issued upon the full conversion of the convertible note. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu, a Director. Magical Profits is interested in approximately 36.74% of the issued share capital of Easyknit International. 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 include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 457,330,692 Shares and 880,281 underlying Shares by virtue of the SFO.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits, Goodco and Easyknit International. Ms. Koon Ho Yan Candy, being a Director, is also a Director of Easyknit International.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice Limited and Magical Profits.

- (iv) Winterbotham Trust is trustee of The Magical 2000 Trust (the beneficiaries of which include 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. And 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.
- (vi) the noteholder of a convertible note issued by the Company to Able Merchant Limited on 27 July 2016 in the aggregate principal amount of HK\$50,000,000 for a term of 3 years and conferring rights to convert Shares on the basis of the initial conversion price of HK\$0.225.
- (vii) 3,465,431,443 are the Rights Shares underwritten by the Get Nice as one of the Underwriters in respect of the Rights Issue. Get Nice is wholly-owned by Get Nice Incorporated Limited which is wholly-owned by Get Nice Holdings Limited; which is wholly-owned by Get Nice Financial Group Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any other persons who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions 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.

### 3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and 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. MATERIAL CONTRACTS

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

- (a) the underwriting agreement dated 2 February 2015 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 506,399,020 rights shares at the subscription price of HK\$0.65 per rights share;
- (b) the underwriting agreement dated 6 August 2015 entered into between the Company and Get Nice Securities Limited, as the underwriter, in relation to the underwriting and certain other arrangements in respect of a rights issue of 1,063,437,920 rights shares at the subscription price of HK\$0.48 per rights shares;

- (c) the sale and purchase agreement and supplemental agreements dated 13 June 2016 and 20 June 2016 respectively entered into between Skill Master as the purchaser and the seller (an Independent Third Party) relating to the sale and purchase of the sale share and sale loan of Treasure Arts International Group Limited for a an total consideration of HK\$51,981,900;
- (d) the sale and purchase agreement and supplemental agreements dated 3 August 2016 entered into between Skill Master as the purchaser and the seller (an Independent Third Party) relating to the sale and purchase of the sale share and sale loan of Daily Leader Limited for a total consideration of HK\$64,525,000;
- (e) the placing agreement dated 8 September 2016 entered into between the Company and Get Nice Securities Limited, as the placing agent, to place 223,000,000 new shares of the Company at a placing price of HK\$0.18 per share; and
- (f) the Underwriting Agreement.

## **5. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS**

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

## **6. DIRECTORS' INTEREST 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.

## **7. EXPENSES**

The estimated expenses in connection with the Rights Issue (including but not limited to the underwriting commission, printing, registration, financial advisory, legal, professional and accounting charges) are approximately not less than approximately HK\$4.4 million and not more than approximately HK\$5.5 million and are payable by the Company.

## 8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries have been 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 known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

## 9. EXPERTS AND CONSENTS

The following is the qualification of the experts who have been named in this circular or have given their opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Deloitte Touche Tohmatsu	Certified Public Accountants
Messis Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

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 2016 (being the date to which the latest published audited accounts of the Company 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.

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 appears.

## 10. GENERAL

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994 with extensive experience in legal field;
- (b) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company 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 the Company is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and
- (d) The English text of this circular prevails over the Chinese text.

## 11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company'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 for a period of 14 days from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company containing audited consolidated financial statements of the Company for the three years ended 31 March 2014, 2015 and 2016;
- (c) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma statement of consolidated net tangible assets of the Group as set out in Appendix III to this circular;
- (d) the letter from Messis Capital Limited as set out in the section "Letter from the Independent Financial Adviser" in this circular;
- (e) the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;
- (f) the material contracts referred to the paragraph headed "Material contracts" in this appendix;
- (g) a copy of each circular issued pursuant to the requirement set out in Chapter 14 and/or 14A of the Listing Rules which has been issued since the date of the latest published audited accounts; and
- (h) this circular.



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## NOTICE OF SPECIAL GENERAL MEETING

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### 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 (高山企業有限公司) (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, 15 December 2016, at 9:10 a.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT**

- (a) subject to and conditional upon fulfilment of the conditions of the Underwriting Agreement (as defined below), the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved;

For the purpose of this resolution, “Rights Issue” means the proposed issue by way of rights issue of not less than 4,685,496,177 Shares (“**Rights Shares**”) and not more than 5,808,955,200 Shares at a subscription price of HK\$0.103 per Rights Share to the qualifying shareholders (“**Qualifying Shareholders**”) of the Company whose names appear on the register of members of the Company on Friday, 23 December 2016 (Hong Kong time) (“**Record Date**”) (other than those shareholders (“**Non-Qualifying Shareholders**”) whose addresses on the register of members of the Company are outside Hong Kong on the Record Date and whom the Directors, after making the relevant enquiries, consider their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place) on the basis of three (3) Rights Shares for every one (1) Share then held and otherwise pursuant to and subject to the fulfillment of the conditions set out in the underwriting agreement (“**Underwriting Agreement**” (a copy of which has been produced to this Meeting marked “A” and initialled by the chairman of this Meeting for the purpose of identification) dated 13 October 2016 and made between the Company, China Rise Securities Asset Management Company Limited and Get Nice Securities Limited as underwriters (“**Underwriters**”));

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## NOTICE OF SPECIAL GENERAL MEETING

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- (b) any Director of the Company be and is hereby authorised to allot and issue the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (a) the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to fractional entitlements and/or Non-Qualifying Shareholders as they deem necessary, desirable or expedient having regard to any restrictions or obligations under the Bye-laws or the laws of, or the rules and regulations of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong; and (b) Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Non-Qualifying Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;
- (c) the entering into the Underwriting Agreement by the Company be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder by the Company (including but not limited to the arrangements for taking up of the underwritten Rights Shares, if any, by the Underwriters) be and are hereby approved; and
- (d) any Director be and is hereby authorised to sign and execute such documents and do all such acts and things incidental to the Rights Issue or as he/she considers necessary, desirable or expedient in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 23 November 2016

*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

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## NOTICE OF SPECIAL GENERAL MEETING

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*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 the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
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 the Company'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 above Meeting.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, 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 the Company in respect of the joint holding.