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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

DISCLOSEABLE TRANSACTION GRANT OF A LOAN

The Company announces that on 14 December 2016, the Lender, a direct wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender has conditionally agree to lend HK\$50,000,000 to the Borrower for period of 12 months from the Drawdown Date. The Borrower shall pay interest to the Lender on the Loan at the rate of 8% per annum. The Loan is secured by a Share Charge.

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan is more than 5% but less than 25%, the grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company, which is subject to the reporting and announcement under Chapter 14 of the Listing Rules.

THE LOAN AGREEMENT

Date: 14 December 2016

Parties: (i) City China International Limited, as lender; and
(ii) Mr. Chan, an individual, as borrower.

To the best knowledge of the Directors, and having made all reasonable enquiries, the Borrower is a businessman and an Independent Third Party.

Purpose of the Loan

The Loan shall be used exclusively for the personal use of the Borrower for investment.

Principal terms

- Amount of the Loan: HK\$50,000,000.
- Interest rate: Interest shall accrue on the Loan at the rate of 8% per annum.
- Interest shall be paid by monthly in arrears, commencing from the Drawdown Date.
- The interest rate was determined by arm-length negotiations between the parties.
- Term: The Loan is repayable in one lump sum on the Maturity Date, being the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower).
- Repayment: The total outstanding principal together with any interest accrued thereon and all other amounts accrued or outstanding under the Loan Agreement and the Share Charge computed up to the date of payment are payable on the Maturity Date.
- Security: a Share Charge.
- Conditions precedent: The making of the Loan under the Loan Agreement is conditional upon conditions precedent including the Share Charge duly executed together with all documents required.

The terms of the Loan Agreement were arrived at after arm's length negotiations between the Borrower and the Lender.

THE SHARE CHARGE

The Loan is secured by a Share Charge to be executed by the Borrower in favour of the Lender by way of a fixed charge over the Charged LM Shares as continuing securities and continuing obligation for performance by the Borrower of its obligations in the Loan Agreement amongst other things.

Pursuant to the Share Charge, at any time after the occurrence of an event of default by the Borrower under the Loan Agreement, the Lender may, among other things, sell or dispose of all or any part of the Charged LM Shares under the Share Charge, and may apply the proceeds of any such sale in or towards the discharge of the costs thereby incurred and of the obligations secured under the Share Charge in such manner as it in its absolute discretion thinks fit.

At the signing date of the Loan Agreement, the fair value of the Share Charge of 41,000,000 LM Shares is HK\$84,460,000 based on the market closing price of HK\$2.06 per LM Share and such LM Shares, have not been pledged for other borrowings other than the Loan. The Board regards the collateral as key. The Company has performed the financial ratio analysis on the 2014 and 2015 annual reports of the core collateral (ie. LM) and satisfied on financial figures. The Loan is one year only and the interest rate under the Loan is 8%. Interest from bank deposits and similar investments is a small fraction of that which is receivable by the Company in respect of the Loan and the Loan is well secured.

REASONS FOR AND THE BENEFIT OF THE TRANSACTION

The reason for the Loan is to enable investment of cash resources of the Company not immediately required in its operations in a secured loan offering a return well in excess of returns available from bank deposits or similar investments, and the Company will benefit from the interest payable to it on the Loan. The funding of the Loan is from the internal resources of the Company.

The Company has obtained relevant documents from the Borrower to assess his financial status and his repayment capability. The Company satisfied on the assessment and belief that the Borrower has the repayment capability to repay the Loan. Having considered (i) the above assessment, (ii) the terms of the Loan, including the interest rate; and (iii) the Share Charge, the Directors considers the Loan is on normal commercial terms and is within the acceptable level of risk of the Company, so it is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE LENDER AND THE BORROWER

The Lender is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company and having a Money Lenders Licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). The Group is principally engaged in property investment, property development, securities investment and money lending business.

The Borrower is a businessman and is an Independent Third Party who owns approximately 4.97% interests of LM.

INFORMATION ON LM

According to publicly available information, LM and its subsidiaries is principally engaged in the business of manufacturing and sale of handbags. LM is a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of Stock Exchange (Stock Code: 1488).

The following information is extracted from the public documents of LM:

	For the six months ended 30 June	For the year ended 31 December	
	2016	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	620,847	618,959	394,615
Revenue	283,254	658,792	817,708
Profit before taxation	4,732	15,523	33,634
Net profit after taxation	1,506	10,013	33,393

LISTING RULES IMPLICATIONS

As the highest applicable Percentage Ratio calculated under Rule 14.07 of the Listing Rules in respect of the Loan is more than 5% but less than 25%, the grant of the Loan pursuant to the Loan Agreement and the transaction contemplated under the Loan Agreement constitutes a discloseable transaction for the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Borrower”	Mr. Chan, a businessman and is an Independent Third Party
“Charged LM Shares”	share charge for a total of 41,000,000 LM Shares, representing approximately 4.97% of the issued share capital of LM
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Drawdown Date”	the date on which the Loan is drawn down
“LM”	Lee & Man Handbags Holding Limited, a company with limited liability incorporated in the Cayman Islands and whose shares are listed on the main board of Stock Exchange (Stock Code: 1488)
“LM Share(s)”	ordinary shares of HK\$0.10 each in the share capital of LM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as that term is defined in the Listing Rules)
“Lender”	City China International Limited, a direct wholly-owned subsidiary of the Company, incorporated in Hong Kong with limited liability and having a Money Lenders Licence
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of HK\$50,000,000 granted by the Lender to the Borrower subject to and upon the terms of the Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Borrower and the Lender dated 14 December 2016

“Maturity Date”	the day that is twelve (12) calendar months from the Drawdown Date (or such later day as shall be agreed by the Lender and the Borrower)
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of the Company
“Share Charge”	the charge to be executed by the Borrower in favour of the Lender by way of a fixed charge over 41,000,000 LM Shares, representing approximately 4.97% of the issued share capital of LM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 14 December 2016

As at the date hereof, the Board comprises Mr. Kwong Jimmy Cheung Tim, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors; Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau as non-executive directors; and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Foo Tak Ching as independent non-executive directors.