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If you have sold or transferred all your securities 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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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 616)

**MANDATE FOR
POSSIBLE VERY SUBSTANTIAL ACQUISITION
IN RELATION TO AUCTION OF MATHESON BUILDING,
PURSUANT TO THE LAND (COMPULSORY SALE FOR
REDEVELOPMENT) ORDINANCE
AND
NOTICE OF SPECIAL GENERAL MEETING**

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 3 to 15 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 Wednesday, 27 September 2017 at 9:00 a.m. is set out on pages N-1 to N-2 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.

12 September 2017

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DEFINITIONS

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

“Auction”	the public auction of the entire interest in the Matheson Building to take place by order of the Lands Tribunal
“Board”	the board of Directors
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Lands Tribunal”	the Lands Tribunal established under the Lands Tribunal Ordinance (Cap 17)
“Latest Practicable Date”	12 September 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Matheson Building”	a non-industrial building at Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong
“Ordinance”	the Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545)
“Owned Properties”	12 units of Matheson Building owned by the Subsidiary

DEFINITIONS

“Possible Acquisition”	the acquisition by the Group of the Remaining Unit at the Auction, if its bid at the Auction is successful
“Possible Disposal”	the mandatory disposal of the Group’s entire interest in the Matheson Building if its bid at the Auction is not successful and another bidder wins the Auction
“PRC”	the People’s Republic of China
“Registered Owner”	Yee On Enterprises Limited, a company incorporated in Hong Kong with limited liability, is the registered owner of the Remaining Unit as recorded in the land register of the Hong Kong Land Registry
“Remaining Unit”	ground floor with cockloft of No. 11 Matheson Street of the Matheson Building, which is not already owned by the Company
“SGM”	the special general meeting of the Company to be convened and held on Wednesday, 27 September 2017 for the purpose of considering, if thought fit, approving the Possible Acquisition
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Chancemore Limited, a wholly-owned subsidiary of the Company, incorporated in the British Virgin Islands with limited liability
“sq.ft.”	square foot or square feet

LETTER FROM THE BOARD



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)

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Kan Ka Hon
Mr. Lau Sin Ming
Mr. Foo Tak Ching
Mr. Wu Koon Yin Welly

*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

12 September 2017

To the Shareholders

Dear Sir or Madam,

**MANDATE FOR
POSSIBLE VERY SUBSTANTIAL ACQUISITION
IN RELATION TO AUCTION OF MATHESON BUILDING,
PURSUANT TO THE LAND (COMPULSORY SALE FOR
REDEVELOPMENT) ORDINANCE**

INTRODUCTION

Reference is made to the announcement of the Company dated 22 August 2017 relating to the mandate for the Possible Acquisition.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Possible Acquisition; (ii) the valuation report on the Matheson Building, the Remaining Unit and Owned Properties; and (iii) a notice of the SGM.

BACKGROUND

The Company, through the Subsidiary, had filed an application to the Lands Tribunal in December 2015 for an order to sell all the undivided shares of Matheson Building aimed at to acquire the Remaining Unit for redevelopment purpose. As at the Latest Practicable Date, it is in the final stage of the process to sell by auction of the entire Matheson Building (including the Remaining Unit) and the related Possible Acquisition or Possible Disposal at the Auction, by order of the Lands Tribunal.

The value of the entire Matheson Building including the Remaining Unit lies in its redevelopment potential, not in its potential for use in its current state.

Herebelow is the summary of the procedures on the redevelopment under the Ordinance.

The Ordinance provides, in summary, that the person or persons who own not less than 80% of the undivided shares in a lot (“**Majority Owner**”) may make an application to the Lands Tribunal, accompanied by a valuation report (prepared not earlier than 3 months before the date of the application), for an order to sell the undivided shares in the lot for redevelopment purposes (“**Sale Order**”). The Lands Tribunal determines the application by hearing the objection of the minority owners (if any) in respect of the value of any property assessed, or in the case where the minority owners cannot be found, requiring the Majority Owner to satisfy the Lands Tribunal that the value of the minority owner’s property is not less than fair and reasonable. The Lands Tribunal must also be satisfied, among other things, that the development of the lot is justified and the Majority Owner has taken reasonable steps to acquire all the undivided shares in the lot including negotiating for the purchase of such of those shares as are owned by minority owners on terms that are fair and reasonable, before it makes the Sale Order.

Under section 5(1) of the Ordinance, where a Sale Order is granted, the lot shall be sold by (a) public auction, or (b) by other means agreed in writing by each minority owner and Majority Owner of the lot and approved by the Lands Tribunal. Section 5(5) of the Ordinance requires that if the lot is to be sold by auction, it shall be sold to the highest bidder at the auction. It is stated in section 5(5)(b) of the Ordinance that nothing in the Ordinance shall operate to prevent the Majority Owner or the minority owner from being the purchaser of the lot.

LETTER FROM THE BOARD

Where the Majority Owner is the purchaser of the lot, under section 6 of the Ordinance, it is not required to pay the full purchase price for the lot to the trustees, but to pay not less than the proportion of the amount that the trustees calculate is necessary for it to purchase all the undivided shares in the lot not already owned by it.

Information on the Remaining Unit

The Remaining Unit is at the ground floor with cockloft of No. 11 Matheson Street (part of Matheson Building) with a saleable area of approximately 1,060 sq.ft. The Registered Owner is the owner of the Remaining Unit which has been determined by the sale order which is 42% of the value of the entire Matheson Building.

The Remaining Unit is vacant now, but a tenancy agreement is on file at the Land Registry. The term of the tenancy is 4 years from 1 December 2013 to 30 November 2017 at (1) a monthly rental of HK\$240,000 during the period from 1 December 2013 to 30 November 2015; and (2) a monthly rental of HK\$300,000 from 1 December 2015 to 30 November 2017. The Company tried to obtain financial information about the Remaining Unit required by the Listing Rules and approached the owner of the Remaining Unit. However, despite requests made by it and its legal advisers to the Registered Owner and its lawyers the Company has been unable to gain full access to the underlying books and records and has no information regarding the income, direct costs and other expenses relating to the Remaining Unit.

The full information of Remaining Unit is not available to the Company despite the efforts to obtain the same. As the Company intends to redevelop the Matheson Building, so the historical information of this nature is irrelevant and of no benefits to the Shareholders. Therefore the Company has applied for the waivers for strict compliance with Listing Rules 14.58(7), 14.69(4)(b)(i) and (ii) and the same were granted by the Stock Exchange.

To the best knowledge of the Directors, having made all reasonable enquiries, the Registered Owner is a third party, independent of the Company and connected persons (as defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules). The Directors do not know what the principal activities of the Registered Owner are.

Information on the Matheson Building

Matheson Building, a 53 years' building, is a composite 6-storey building comprising 14 units located at Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong with a site area of approximately 1,836 sq.ft.

LETTER FROM THE BOARD

Compulsory Sale and Redevelopment of the Matheson Building

On 31 July 2017 the Lands Tribunal issued an order for sale by way of the Auction. The details of the order for sale including but without limitation to (1) the Lands Tribunal is satisfied that the redevelopment of the Matheson Building is justified due to the “age” and “state of repair” of the Matheson Building and that the Company has taken reasonable steps to acquire all units of the Matheson Building including that of the Remaining Unit; (2) the reserve price for the sale of the Matheson Building set at HK\$441,000,000; (3) the entire amount of the proceeds of the sale of the Matheson Building (after deduction of all legitimate expenses and payments) be apportioned between the Company and the Registered Owner by reference to the sharing ratio 58:42, that is the Remaining Unit shares 42% of the value of the entire Matheson Building.

There is no certainty that the Company will win the Auction and if it is won by another bidder the Company will be obliged to sell its entire interest in the Matheson Building to that bidder.

Valuation and Order

For the sake of time constraint in convening the special general meeting on or before 27 September 2017, the Company has arranged Savills Valuation and Professional Services Limited (“Savills”) and Knight Frank Petty Limited (“Knight Frank”) to handle each of the redevelopment value and the existing use value of the Matheson Building, the Remaining Unit and the Owned Properties respectively.

(1) Remaining Unit

Pursuant to the judgement issued by Lands Tribunal, the value of the Remaining Unit is determined by the sale order which is 42% of the reserve price (ie. HK\$441,000,000), therefore the value of the Remaining Unit is HK\$185,220,000.

For reference, pursuant to the valuation report issued by Knight Frank and Savills, the existing use value and the redevelopment value of the Remaining Unit are HK\$115,700,000 and HK\$185,220,000 respectively.

(2) Matheson Building

For the sale order issued by the Lands Tribunal dated 31 July 2017 set the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000.

For reference, pursuant to the valuation report issued by Knight Frank and Savills, the existing use value and the redevelopment value of the Matheson Building are HK\$279,000,000 and HK\$441,000,000 respectively.

LETTER FROM THE BOARD

Sales Procedures

Pursuant to the Ordinance, the entire Matheson Building is to be sold by order of the Lands Tribunal by public auction within 3 months from 31 July 2017. The Lands Tribunal has determined the reserve price for the Matheson Building at the Auction at HK\$441,000,000 and the Lands Tribunal has appointed trustees to arrange the Auction, amongst other things. The auctioneer will be selected by the trustees. Each of the trustees is a partner in a law firm which provides legal advice to the Company but is otherwise a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the Listing Rules). The Auction will be open to the public and anybody may bid at it.

The Company understands that the bidding process at the Auction will be fully in accordance with normal market practice and that the Ordinance requires the Matheson Building to be sold to the highest bidder at the Auction. Bidding will be open with bidders making open bids for the Matheson Building in full view of each other and with each bid being immediately known to all participants, as in a Government land auction, in a process regulated by the auctioneer and on the terms ordered by the Lands Tribunal. The Company believes that the terms of the Auction will be consistent with market practice for court-ordered sales by auction.

The Matheson Building will be sold if the highest bid price is higher than or equal to the reserve price.

According to section 5(4) of the Ordinance, if the lot is not sold by auction within 3 months (or, if the Lands Tribunal grants an extension for another 3 months, then a total of 6 months) immediately following the date of the sale order, then the order ceases to have any legal effect. The consequence will be that every party will go back to the situation it was in before the making of the compulsory sale application, as if the compulsory sale order had never been made by the Lands Tribunal and the applicant has never lodged the compulsory sale application.

Given the open nature of the bidding process in the Auction, the publicly available information about the Matheson Building and Remaining Unit and the transparent nature of the Hong Kong property market, the Directors are satisfied that they have all information necessary to make a properly-informed bid at the Auction.

Business activities

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

LETTER FROM THE BOARD

POSSIBLE ACQUISITION

The Board plans, through the Company's indirect wholly-owned subsidiary, to bid at the Auction for the Matheson Building.

Auction Ceiling of the Matheson Building

The Company will bid at the Auction will be HK\$441,000,000 (the reserve price) or a sum in excess of that amount. The price it actually bids and will be required to pay if its bid is successful will depend on, among others, the Group's perception of the property market and its prospects at the date of the Auction, as well as the bids made by competitors at the Auction.

In order not to compromise the commercial interests of the Company the maximum price which the Company is willing to consider paying is not disclosed in this circular because the Directors consider that to put the maximum amount for bidding would only place the Company at a severe disadvantage to competing bidders at the Auction. In this regard, the Company has applied for a waiver on strict compliance with Listing Rules 14.58(4) and the same was granted by the Stock Exchange.

Shareholders should be aware of the following latest transactions in broadly comparable properties in Causeway Bay:

Transaction Date	Description of the Retail Unit	Age of the Building	Saleable Area <i>sq.ft.</i>	Transacted Price <i>HK\$</i>	Price per sq.ft. <i>HK\$</i>
18 July 2017	G/F, Fortune Center Yun Ping Road Causeway Bay Hong Kong	24	160	18,650,000	116,562
10 November 2016	G/F., Hoi To Court 15-27 Cannon Street Causeway Hong Kong	53	190	49,000,000	257,895

LETTER FROM THE BOARD

Bidding Price

The Board will consider the following factors before making a decision to continue the bid in the Auction:

1. based on the reserve price the minimum price for the bidding of the Remaining Unit is HK\$185,220,000;
2. the valuation reports issued by Savills and Knight Frank;
3. the existing use value and redevelopment value of the Matheson Building;
4. the latest transacted prices in Causeway Bay referred to above;
5. the breakeven price on the sale of the Owned Properties owned by the Group on the book value as at 31 March 2017, being HK\$327,600,000; and
6. the availability of internal resources and banking facilities.

If the Company is the winning bidder

The reserve price for the entire Matheson Building is HK\$441,000,000, so that to be successful the Company must bid at the Auction at least HK\$441,000,000 and be the highest bidder.

Since the Group already owns the Owned Properties, if the Company bids successfully and wins the Auction at HK\$441,000,000 so the Possible Acquisition proceeds the cash outlay by the Company (before costs) will be the price attributable to the Remaining Unit, or 42% of the bid price. Based on the reserve price, that is HK\$185,220,000.

If the Company's bid is successful, the Matheson Building site will be redeveloped together with an adjacent property already owned by the Company into a new composite commercial building and it will reap the benefits of scale both in terms of development costs, and future sales or leasing of such properties.

The Possible Acquisition will be financed partly by bank financing, to be arranged, and partly in cash from internal resources of the Company. If no appropriate financing is available to the Company above a given price it will not bid above that price.

LETTER FROM THE BOARD

Reasons for and benefits of the Possible Acquisition

The reason for the Possible Acquisition is to gain full control of the Matheson Building and the redevelopment of it to be a composite commercial building.

The value of the entire Matheson Building including the Remaining Unit lies in its redevelopment potential, not in its potential for use in its current status.

Since the Company through the Subsidiary is already the registered owner of the Owned Properties, if the Company wins the Auction, it will demolish the Matheson Building and redevelop it together with an adjacent property owned by the Company and reap the benefits of scale both in terms of development costs in future sales or leasing of the new composite commercial building.

The Directors consider that the Matheson Building site has great investment potential given its good location and the possible redevelopment represents a valuable opportunity for the Group to increase its revenue and earnings base.

The Directors consider that the Possible Acquisition is in the interests of the Company and the Shareholders as a whole and that the terms thereof will be fair and reasonable.

Major terms of Possible Acquisition

If the Company wins the Auction and the Possible Acquisition proceeds, the Subsidiary will be obliged to pay the Registered Owner's pro rata share (determined by the Lands Tribunal at 42%) of the price bid for the entire Matheson Building and the Registered Owner will be obliged to transfer to the Subsidiary title to the Remaining Unit. All stamp duty and registration fees on transfer of the Remaining Unit will be payable by the subsidiary.

Implications of Possible Acquisition under the Listing Rules

Based on the reserve price of HK\$441,000,000, the consideration for the Possible Acquisition shall be HK\$185,220,000 and one or more of the applicable percentage ratios of the Possible Acquisition will exceed 100% which would constitute as a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules and therefore it is required to be subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE POSSIBLE ACQUISITION

Earnings

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix III to this circular, the effect of the Possible Acquisition is that loss will increase by approximately HK\$0.6 million being the estimated transaction costs attributable to this circular. The Remaining Unit is vacant as at the Latest Practicable Date, but a tenancy agreement is on file at the Land Registry. The term of the tenancy is 4 years from 1 December 2013 to 30 November 2017 at (a) a monthly rental of HK\$240,000 during the period from 1 December 2013 to 30 November 2015; and (b) a monthly rental of HK\$300,000 from 1 December 2015 to 30 November 2017. The Company, through its legal advisers in this transaction, has been unable to gain full access to the underlying books and records and has no information regarding the income, direct costs and other expenses relating to the Remaining Unit. Accordingly, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix III to this circular does not take into account of the income, direct costs and other expenses relating to the Remaining Unit.

As rental income will be generated from the Remaining Unit, based on the term of the tenancy set out above, the Possible Acquisition of the Remaining Unit will generate approximately HK\$3.6 million on the Group's earnings on rental income per annum.

Assets and Liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix III to this circular, the effect of the Possible Acquisition is that (i) investment properties will increase by approximately HK\$201.4 million and (ii) cash reserve will decrease by approximately HK\$202.0 million.

The Directors are of the view that the Possible Acquisition as a whole is in the interests of the Group and is on normal commercial terms, which are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Directors would recommend the Shareholders to vote in favour of the resolution approving the Possible Acquisition in the forthcoming SGM.

POSSIBLE DISPOSAL

The Company, through the Subsidiary, purchased 2 units of the Matheson Building in 2009 known as ground floor with cockloft of No. 13 Matheson Street, Causeway Bay, Hong Kong; and further acquired 10 units in April 2015 of the Matheson Building. As at the Latest Practicable Date, the Company, through the Subsidiary, owns the Owned Properties.

LETTER FROM THE BOARD

For the Owned Properties, the Group recorded the revenue of approximately HK\$2.4 million, HK\$1.7 million and HK\$2.7 million for the three years ended 31 March 2015, 2016 and 2017 respectively, which are extracted from the audited financial statements for the same period of the Subsidiary prepared by the directors of the Subsidiary in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, which have been audited by Deloitte Touche Tohmatsu, also the reporting accountants of the Company for this transaction, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

Failure to approve Possible Acquisition

If the mandate to acquire the interest in the Matheson Building not already owned by the Group by way of the Possible Acquisition is not approved by Shareholders at the SGM, the Group will not bid at the Auction and will be obliged to sell its entire interest in the Matheson Building (that is, the Owned Properties) to the winning bidder at the Auction – the Possible Disposal will take place and this will constitute as a very substantial disposal for the Company.

If the Company loses in the Auction

If the Group loses the Auction and it won by another bidder, the Company will be obliged to sell its entire interest in the Owned Properties to that bidder and the minimum disposal price of shall be HK\$255,780,000. The Company shall use such proceeds for the acquisition of properties and/or for the development of existing property projects.

Though the Company will receive 58% of the final bidding price, if the loses the Auction the Company will lose the opportunity to redevelop the Matheson Building site together with the adjacent property owned by the Company.

Possible assets to be disposed of

The Company, through the Subsidiary, is the registered owner of Owned Properties with a total saleable area of 5,979 sq.ft. representing approximately 85.71% of the undivided shares of the Matheson Building.

Pursuant to the valuation report issued by Knight Frank and Savills, the existing use value and the redevelopment value of the Owned Properties are HK\$163,300,000 and HK\$255,780,000 respectively.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Owned Properties have been leased and the annual rental was approximately HK\$2.7 million. The carrying value of the Owned Properties is HK\$327,600,000 as at 31 March 2017 with an aggregate acquisition cost of approximately HK\$264,077,000.

The net losses (both before and after taxation) attributable to the Owned Properties for the two financial years ended 31 March 2016 and 2017 were approximately HK\$3.0 million and HK\$10.0 million respectively.

Implications of the Possible Disposal under the Listing Rules

Based on the reserve price of HK\$441,000,000, the minimum price for the Possible Disposal shall be HK\$255,780,000 and one or more applicable percentage ratios of the Possible Disposal will exceed 75% which would constitute as a very substantial disposal of the Company under Rule 14.06(4) of the Listing Rules and therefore it is required to be subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

FINANCIAL EFFECTS OF THE POSSIBLE DISPOSAL

Earnings

Based on the unaudited pro forma consolidated statement of profit or loss and other comprehensive income as set out in Appendix IV to this circular, the effect of the Possible Disposal is that loss will increase by approximately HK\$104.1 million because of the Possible Disposal.

Based on the rental income generated for the year ended 31 March 2017, the Group's earnings on the rental income per annum shall decrease approximately HK\$2.7 million because of the Possible Disposal.

Assets and Liabilities

Based on the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix IV to this circular, the effect of the Possible Disposal is that (i) investment properties will decrease by approximately HK\$327.6 million; (ii) trade and other receivables will decrease by approximately HK\$34.0 million; (iii) cash reserve will increase by approximately HK\$253.9 million and (iv) trade and other payables will decrease by approximately HK\$0.4 million.

LETTER FROM THE BOARD

NON-PARTICIPATION AT AUCTION BY EASYKNIT INTERNATIONAL HOLDINGS LIMITED

Having made enquiries of directors of Easyknit International Holdings Limited (“**Easyknit**”), the securities of which are listed on the main board of the Stock Exchange (Stock Code: 1218), and through subsidiaries the single largest shareholder of the Company holding approximately 20.44% of the issued voting shares in the Company, the Company understands that none of Easyknit directors or their respective associates (as that term is defined in the Listing Rules) intends to participate in the Auction.

VOTING

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

INFORMATION ON THE COMPANY

The Company is principally engaged in property investment, property development, securities investment and loan financing business.

SGM

The Possible Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules, for which Shareholders’ approval is required. At present, no Shareholder is required to abstain from voting on the approval of the Possible Acquisition.

A notice convening the SGM to be held on Wednesday, 27 September 2017 at 9:00 a.m. at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong for the purpose of considering and, if thought fit, approving, among other things, the Possible Acquisition is set out on pages N-1 to N-2 of this circular.

Whether or not Shareholders are able to attend the meeting, they are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form or proxy will not preclude the Shareholders from subsequently attending and voting in person at the SGM or any adjournment thereof should they so wish.

LETTER FROM THE BOARD

The register of members will be closed from Friday, 22 September 2017 to Wednesday, 27 September 2017, both days inclusive. During such period, no share transfers of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong. Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 21 September 2017.

RECOMMENDATION

The Board considers that the Possible Acquisition is fair and reasonable and in the interests of the Company and Shareholders as a whole. The Board therefore recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Possible Acquisition and matters ancillary thereto as set out in the notice of SGM.

ADDITIONAL INFORMATION

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

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

1. FINANCIAL SUMMARY OF THE GROUP**(i) Annual reports of the Group**

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

For the year ended	Publication date of annual report	Pages
31 March 2017 http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0615/LTN20170615234.pdf	16 June 2017	74 – 192
31 March 2016 http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0715/LTN20160715298.pdf	15 July 2016	61 – 157
31 March 2015 http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0721/LTN20150721049.pdf	21 July 2015	60 – 145

For the year ended 31 March 2015

Overall

For the year ended 31 March 2015, the Group recorded a turnover of HK\$192,489,000, representing an increase of HK\$35,549,000 or 22.7% from HK\$156,940,000 for the year 2014.

Profit attributable to owners of the Company for the year ended 31 March 2015 amounted to HK\$31,086,000 (2014: loss of HK\$2,541,000). The gain was mainly attributable to the gain on fair value changes of investments held for trading of approximately HK\$40 million.

The basic earnings per share for the year ended 31 March 2015 was HK\$2.757 (2014: restated basic loss per share of HK\$2.300).

The Board does not recommend the payment of final dividend for the year ended 31 March 2015 (2014: nil).

During the year, the Group was principally engaged in garment sourcing and export businesses, property investment, property development, investment in securities and loan financing.

Geographical Analysis of Turnover

During the year, the turnover from garment sourcing and export businesses was mainly derived from customers in the United States (“US”). Rental income from the investment properties were derived from properties located in Hong Kong and the PRC.

(i) Garment Sourcing and Export Businesses

For the year ended 31 March 2015, this segment recorded a turnover of HK\$172,082,000 (2014: HK\$142,138,000) representing 21.1% increase comparing with year 2014. Cost of sales for the year amounted to HK\$155,172,000 (2014: HK\$126,790,000). The loss of HK\$3,660,000 (2014: HK\$4,908,000) was mainly due to the increasing sourcing and labour costs.

(ii) Property Investment

Turnover from the property investment segment increased by 38.3% to HK\$19,256,000 for the year ended 31 March 2015 (2014: HK\$13,927,000) of which HK\$11,483,000 and HK\$7,773,000 were generated from the properties in Hong Kong and the PRC respectively. The increase in turnover is primarily attributed to the completion of construction of investment properties in Huzhou, the PRC, the addition of the investment properties, the effect of tenancy renewal, periodic rental adjustments under the clauses of the existing tenancy agreements and new tenants.

On 30 April 2014, Main Lucky Enterprises Limited, a wholly owned subsidiary of the Company, entered into a provisional sale and purchase agreement with an independent third party to acquire a property situated at the ground floor, No. 15 Matheson Street, Causeway Bay, Hong Kong at a consideration of HK\$236,800,000. This transaction was approved by the shareholders in the special general meeting held on 18 June 2014 and the completion of sale and purchase took place on 20 August 2014.

The Group has 8 blocks of factory premises and 4 blocks of dormitories with a total gross floor areas of approximately 89,229 sq.m. in Huzhou, PRC.

(iii) Property Development

On 5 September 2014, the Company and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International Holdings Limited, entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by the Company and Easyknit Properties Holdings Limited, whereby the Company will indirectly acquire the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK\$340 million). This transaction was approved by the independent shareholders in the special general meeting held on 20 October 2014 and the completion of sale and purchase took place on 21 November 2014.

On 30 October 2014, Land Bloom Holdings Limited, a wholly owned subsidiary of the Company, entered into five provisional sale and purchase agreements with independent third parties to acquire the 8 properties situated at No. 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong at an aggregate consideration and other related expenses of HK\$169,500,000. This transaction was approved by the shareholders in the special general meeting held on 12 January 2015 and the completion of sale and purchase took place on 15 January 2015.

The Group planned to redevelop No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong (the “**Inverness Road Project**”). The general building plan to redevelop the Inverness Road Project has been submitted to Buildings Department in January 2015. The demolition works at No. 14 and 16 Inverness Road has been completed and the demolition works at No. 18 and 20 Inverness Road has also commenced in May 2015.

On 18 March 2015, Chancemore Limited, a wholly owned subsidiary of the Company, entered into ten provisional sale and purchase agreements with independent third parties to acquire ten property units situated at 1st floor, 2nd floor, 3rd floor, 4th floor; 5th floor and the roof of No. 11 and 13 Matheson Street, Causeway Bay, Hong Kong at an aggregate consideration and the related expenses of HK\$183,000,000. This transaction was approved by the shareholders in the special general meeting held on 11 May 2015 and the completion of sale and purchase took place on 17 June 2015.

(iv) Investment in Securities

The Group has maintained a portfolio of listed equity securities in Hong Kong with available-for-sale investments and investments held for trading. For the year ended 31 March 2015, this segment has recorded a gain of HK\$43,853,000 (2014: loss of HK\$1,738,000).

Liquidity and Financial Resources

As at 31 March 2015, total assets of the Group amounted to HK\$1,919,181,000 (2014: HK\$1,389,502,000). In terms of financial resources as at 31 March 2015, the Group's total bank balances and cash was HK\$204,234,000 (2014: HK\$589,458,000), of which, approximately RMB52 million (equivalent to approximately HK\$64 million) was tied up in the PRC as investment capital.

As at 31 March 2015, our capital base has been strengthened as a result of an aggregate net proceeds of approximately HK\$357,600,000 raised through the completion of 2 placings of new shares of approximately HK\$22,500,000 and approximately HK\$23,100,000 on 18 June 2014 and 22 August 2014 respectively; and by the completion of issuing rights shares of approximately HK\$312,000,000 on 14 November 2014. As at the date of this report, our capital base has been further strengthened as a result of a net proceeds of approximately HK\$326,000,000 raised through the completion of issuing rights shares on 22 April 2015.

As at 31 March 2015, the Group has total bank borrowings of HK\$293,925,000 (2014: HK\$161,902,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to shareholders' equity was approximately 0.19 (2014: 0.14). As at 31 March 2015, the Group's current ratio was 5.4 (2014: 19.7).

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

Fund Raising

- (i) On 6 June 2014, the Company entered into a placing agreement with a placing agent pursuant to which, the Company has agreed to allot and issue, and the placing agent has agreed to place 65,200,000 placing shares to independent investors at a placing price of HK\$0.35 per share.

The placing was completed on 18 June 2014 and the entire 65,200,000 placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK\$22,500,000 and intended to be utilised as the general working capital. As at the date of this report, the same has been fully deployed as general working capital.

- (ii) On 11 August 2014, the Company entered into a placing agreement with a placing agent pursuant to which, the Company has agreed to allot and issue, and the placing agent has agreed to place 78,000,000 placing shares to independent investors at a placing price of HK\$0.30 per share.

The placing was completed on 22 August 2014 and the entire 78,000,000 placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK\$23,100,000 and intended to be utilised as the general working capital. As at the date of this report, the same has been fully deployed as general working capital.

- (iii) On 5 September 2014, the Board proposed, upon completion of the First Capital Reorganisation, to raise a net proceeds of approximately HK\$312,000,000 by way of the rights issue of 450,132,472 rights shares at a subscription price of HK\$0.70 per rights share on the basis of eight rights shares for every one adjusted share held on the record date (the “**First Rights Issue**”).

Independent shareholders’ approval for the First Rights Issue has been obtained at the special general meeting of the Company held on 20 October 2014 and the First Rights Issue has become unconditional on 14 November 2014. The dealings of fully paid rights shares has been commenced on 20 November 2014. Further details of the First Rights Issue are set out in the Company’s prospectus dated 27 October 2014.

The net proceeds of the First Rights Issue of approximately HK\$310 million has been fully utilized for the acquisition of No. 14 and 16 Inverness Road.

- (iv) On 2 February 2015, the Board proposed, upon completion of the Second Capital Reorganisation, to raise a net proceeds of approximately HK\$326,000,000 by way of the rights issue of 506,399,020 rights shares at a subscription price of HK\$0.65 per rights share on the basis of twenty rights shares for every one adjusted share held on the record date (the “**Second Rights Issue**”).

Independent shareholders’ approval for the Second Rights Issue has been obtained at the special general meeting of the Company held on 24 March 2015 and the Second Rights Issue has become unconditional on 22 April 2015. The dealings of fully paid rights shares has been commenced on 27 April 2015. Further details of the Second Rights Issue are set out in the Company’s prospectus dated 1 April 2015.

The net proceeds of the Second Rights Issue is approximately HK\$326 million, of which approximately HK\$260 million are intended to be used for the redevelopment of Inverness Road Project and the remaining balance of approximately HK\$66 million for general corporate purposes. As at the date of this report, approximately HK\$242,000 has been utilised in Inverness Road Project and HK\$66,000,000 has been utilized as general corporate purposes.

As at 31 March 2015, the total number of issued ordinary shares of the Company was 25,319,951 shares (2014: 296,595,900 shares).

Charge on Assets

As at 31 March 2015, the Group had bank loans amounting to HK\$293,925,000 (2014: HK\$161,902,000) which were secured by the investment properties and properties held for development for sale of the Group with an aggregate net book value of HK\$713,027,000 (2014: HK\$372,000,000).

Material Acquisitions and Disposals

On 5 September 2014, the Company and Easyknit Properties Holdings Limited, a wholly-owned subsidiary of Easyknit International Holdings Limited, entered into a sale and purchase agreement in relation to the sale and purchase of the sale share of Kingbest Capital Holdings Limited (as supplemented by an agreement entered into on 15 September 2014 by the Company and Easyknit Properties Holdings Limited, whereby the Company will indirectly acquire

the site located at No. 14 and 16 Inverness Road, Kowloon Tong, Kowloon, Hong Kong and the sale loan at a consideration of HK\$340 million). The independent shareholders' approval of the resolution relating to the acquisition has been obtained in the special general meeting of the Company held on 20 October 2014 and the acquisition has been completed on 21 November 2014. Upon the completion, Kingbest Capital Holdings Limited becomes a directly held wholly owned subsidiary of the Company.

Save as disclosed above, the Group had no material acquisitions or disposals of subsidiaries or associated companies for the year ended 31 March 2015.

Exposure on Foreign Exchange Fluctuations

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

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2015 (2014: nil).

Capital Expenditure and Capital Commitments

During the year under review, the Group spent approximately HK\$183,000 (2014: HK\$551,000) on the acquisition of property, plant and equipment, and spent approximately HK\$291,619,000 (2014: HK\$28,410,000) on addition of investment properties.

As at 31 March 2015, the Group had capital commitments in respect of capital expenditure contracted for but not provided of HK\$764,000 (2014: HK\$14,311,000).

Changes in Fair Value of Investment Properties

During the year under review, there was an increase of 1,135.6% in the loss on changes in fair value of investment properties to HK\$8,155,000 (2014: loss of HK\$660,000).

Finance Costs

Finance costs was HK\$6,541,000, increased by HK\$1,964,000 or 42.9% for the year from HK\$4,577,000 in 2014.

Employees

As at 31 March 2015, the Group had 39 employees (2014: 38). Staff costs (including directors' emoluments) amounted to HK\$15,982,000 for the year under review (2014: HK\$15,107,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

For the year ended 31 March 2016

Overall

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 Inverness 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).

The Board does not recommend the payment of final dividend for the year ended 31 March 2016 (2015: nil).

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

Geographical Analysis of Turnover

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

(i) Property Investment

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

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

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

(ii) Property Development

Project Matheson

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

Project Inverness

The Project Inverness is a property development project located at No. 14, 16, 18 and 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. The general building plan and application for the land exchange were submitted to Buildings Department and Lands Department respectively in January 2016. The foundation work was commenced in January 2016 and is scheduled to be completed in September 2016; the launch of the sale is expected in year 2018.

(iii) *Garment Sourcing and Export Businesses*

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

(iv) *Securities Investment*

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

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

(v) *Loan Financing*

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

Financial Review

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

Revenue

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

Gross Profit/Margin

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

Loss before Taxation

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

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

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

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

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

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

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

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

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

Liquidity and Financial Resources

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

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

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

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

Capital Reorganisation

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

- (a) share consolidation: that every ten issued and unissued then existing shares of HK\$0.01 each be consolidated into one consolidated share of par value HK\$0.10 each (the "**Consolidated Share**");
- (b) capital reduction: that (i) the issued share capital of the Company be reduced by the cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the par value of each issued Consolidated Share be reduced from HK\$0.10 to HK\$0.01; (ii) the authorised share capital of the Company be reduced by reducing the par value of all Consolidated Shares in the authorised share capital of the Company from HK\$0.10 each to

HK\$0.01 each, resulting in the reduction of the authorised share capital of the Company from HK\$200,000,000 divided into 2,000,000,000 Consolidated Shares to HK\$20,000,000 divided into 2,000,000,000 ordinary shares of par value HK\$0.01 each (the “**Adjusted Shares**”); and (iii) the credit arising from the reduction of the issued share capital of the Company be transferred to the Company’s contributed surplus account; and

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

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

Fund Raising

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

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

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

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

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

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

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

Charge on Assets

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

Material Acquisitions and Disposals

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

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

Exposure on Foreign Exchange Fluctuations

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

Contingent Liabilities

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

*Capital Expenditure and Capital Commitments**Capital Expenditure*

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

Capital Commitments

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

Employees

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

For the year ended 31 March 2017

Overall

For the year ended 31 March 2017, the Group recorded a revenue of HK\$36,518,000, representing a decrease of HK\$66,921,000 or 64.7% from HK\$103,439,000 for the year 2016.

Loss attributable to owners of the Company for the year ended 31 March 2017 amounted to HK\$26,627,000 (2016: loss of HK\$69,268,000). The decrease in loss is because of the decrease of HK\$20,607,000 in loss on changes in fair value of investment properties during the year, and without the write-down of properties held for development for sale during the year as compared to last year of HK\$15,511,000.

The basic and diluted loss per share for the year ended 31 March 2017 was HK\$0.02 (2016: basic and diluted loss per share was HK\$0.14).

The Board does not recommend the payment of final dividend for the year ended 31 March 2017 (2016: nil).

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

Geographical Analysis of Turnover

During the year, rental income from the investment properties were derived from properties located in Hong Kong, Singapore and PRC.

(i) *Property Investment*

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

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

(ii) *Property Development*

Project Matheson

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

Project Inverness

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

(iii) *Securities Investment*

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

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

(iv) Loan Financing

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

Financial Review

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

Revenue

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

Gross Profit/Margin

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

Loss before Taxation

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

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

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

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

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

Loss Attributable to Shareholders and Loss per Share

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

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

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

Liquidity and Financial Resources

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

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

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

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

Fund Raising

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

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

- (ii) On 3 January 2017, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has agreed to allot and issue under the specific mandate, and the placing agent has agreed to place 350,000,000 placing shares to independent investors at a placing price of HK\$0.16 per share under a specific mandate and it was approved by the independent shareholders of the Company on 13 February 2017. The placing was completed on 27 February 2017 and the entire 350,000,000 placing shares have been successfully placed. The net proceeds is approximately HK\$55,440,000 is intended to be applied for the acquisition of the remaining units of the Fung Wah Factorial Building. As at the date of this report, all the net proceeds have not been utilised yet.
- (iii) On 13 October 2016, the Company entered into an underwriting agreement with an underwriter and proposed to raise not less than HK\$435.6 million and not more than HK\$598.3 million by way of the rights issue by issuing not less than 4,685,496,177 rights shares and not more than 5,808,955,200 rights shares at a subscription price of HK\$0.103 per rights share on the basis of 3 rights shares for every one share held on the record date. However, the resolution was not passed by the independent shareholders on 15 December 2016 and the proposed rights issue was lapsed.
- (iv) On 8 September 2016, the Company entered into a placing agreement with a placing agent, pursuant to which the Company has agreed to allot and issue under the general mandate, and the placing agent has agreed to place 223,000,000 placing shares to independent investors at a placing price of HK\$0.18 per share. The placing was completed on 22 September 2016 and the entire 223,000,000 placing shares have been successfully placed. The aggregate net proceeds amounted to approximately HK\$39.7 million and intended to be applied towards appropriate acquisition and investment opportunities of the Group and the considerations thereof and general working capital of the Group. As at the date of this report, all the net proceeds have been fully utilised according to the intended use of which (i) HK\$1.0 million for loan financing business; (ii) HK\$1.5 million for payment of operating expenses; and (iii) HK\$7.0 million for the acquisition of subsidiary; and the balance of HK\$30.2 million for the acquisition of property units of Fung Wah Factorial Building.

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

New Shares Issued

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

- (i) On 22 September 2016, 223,000,000 new shares were issued at the price of HK\$0.18 per share pursuant to the placing agreement entered into with the placing agent on 8 September 2016. Details of the placing agreement are set out in the Company’s announcement dated 8 September 2016.
- (ii) On 27 February 2017, 350,000,000 new shares were issued at the price of HK\$0.16 per share pursuant to the placing agreement entered into with the placing agent on 3 January 2017. Details of the placing agreement are set out in the Company’s announcement dated 3 January 2017.
- (iii) During the year, 222,222,222 new shares were issued pursuant to the exercise of conversion

Details of 2016CB and 2017CB***Details of 2016CB***

Particulars of 2016CB are summarized as follows:

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

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

Details of 2017CB

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

Particulars of the 2017CB summarized as follows:

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

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

Charge on Assets

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

Material Acquisitions and Disposals

1st Acquisition of FW Building

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

2nd Acquisition of FW Building

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

Acquisition of WK Building

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

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

Exposure on Foreign Exchange Fluctuations

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

Contingent Liabilities

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

*Capital Expenditure and Capital Commitments**Capital Expenditure*

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

Capital Commitments

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

Employees

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

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Possible Acquisition and the present available financial resources, its expected internally generated funds and the present available banking facilities of the Group, the Group will have sufficient working capital for its present requirements and for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances.

3. INDEBTEDNESS

At the close of business on 31 July 2017, 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\$810 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 July 2017 any debt securities authorized 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 2017, the Group will continue focusing its efforts in the development of its exiting principal businesses: (1) property investment; (2) property development; (3) securities investment; (4) loan financing business and other potential projects with a view to providing steady returns for its shareholders and bring fruitful growth to the Group.

In Hong Kong, despite additional measures imposed by the government to cool the housing market, the impact on the property market was only shortlived. With the prevailing low interest rates and the record of high transacted land prices in the recent land auctions, sentiment in the primary property market has been holding up well, with home buyers' confidence remaining generally strong.

In addition, the Group will further extend its principal business and direct its resources to loan financing services and it is expected that such business will continue to be part of the main income stream of the Group. Meanwhile, the Group also maintains a stringent financial policy and a prudent cash flow management to ensure reasonable liquidity for the Group's operations as well as for its existing and future investments.

The Directors believe that, in such a volatile economic environment, these operation strategies will enable the Group to maintain its competitiveness and mitigate risks, thereby ensuring the Group sustainable growth.

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 2017, 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 the following:

- (i) the placing agreement dated 3 July 2017 entered into between the Company and Get Nice Securities Limited, as the placing agent, to place 325,000,000 new shares of the Company at a placing price of HK\$0.08 per share; and
- (ii) the subscription agreement dated 7 August 2017 entered into between the Company and Goodco Development Limited, a wholly-owned subsidiary of Easyknit International Holdings Limited, relating to the issuing of a 3% per annum coupon rate of a convertible note for a principal amount of HK\$28,200,000 having conferring rights to convert Shares on the basis of the conversion price of HK\$0.06 per share till 2020.

1. PROFIT AND LOSS STATEMENT OF THE REMAINING UNIT

In accordance with Rule 14.69(4)(b)(i) of the Listing Rules, a profit and loss statement of the Remaining Unit for the three financial years ended 31 March 2017 (“**Relevant Financial Years**”) is required to be included in this circular. Despite requests made by the Company’s legal advisers in this transaction, the Company is unable to gain full access to the underlying books and records or other financial information of the Registered Owner of Remaining Unit regarding the rental, direct costs and other expenses for the preparation of the financial information of the Remaining Unit for the Relevant Financial Years in strict compliance with the requirements of Rule 14.69(4)(b)(i) of the Listing Rules. The Company has therefore applied to the Stock Exchange for a waiver from strict compliance with Rule 14.69(4)(b)(i) of the Listing Rules, such that the following information be disclosed instead. The financial information of the Remaining Unit for each of the Relevant Financial Years set out below has been prepared by the Directors solely based on the result of a search of publicly available information about the Remaining Unit registered in the Land Register maintained by the Land Registry dated 4 September 2017 (the “**Land Search Record**”). Accordingly, it may not give a true picture of the performance of the Remaining Unit during the Relevant Financial Years.

	For the year ended 31 March		
	2017	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Remaining Unit			
Rental income	3,600	3,120	2,880

Notes:

- The rental income for the Relevant Financial Years is derived from the Land Search Record.
- Pursuant to the Land Search Record, no mention on the management fees and government rates and rent are to be borne by the landlords or tenant.
- Based on the statutory tax rate of Hong Kong, the total property tax paid and payable in respect of the tenancy agreements is estimated to be approximately HK\$345,600, HK\$374,400 and HK\$432,000 for the financial year ended 31 March 2015, 2016 and 2017 respectively.
- Save for the publicly available information, the Directors do not have access to other financial information in relation to the Remaining Unit. Due to the limited information available to them, the Directors, based on the terms of the Land Search Record and the experience of the Company’s management, estimated that the other monthly expenses such as maintenance cost or insurance cost of the Remaining Unit which are payable by the landlord is minimal. Accordingly, no other expenses such as maintenance cost, insurance cost or finance cost were included in the above financial information.

5. The following procedures have been undertaken by Deloitte Touche Tohmatsu (“**Deloitte**”), the auditor of the Company, in accordance with the Hong Kong Standard on Related Services 4400 “Engagements to Perform Agreed Upon Procedures Regarding Financial Information” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), with respect to the Land Search Record.

Deloitte:

- i. obtained the rental income listing of the Remaining Unit for each of the three years ended 31 March 2017 which was prepared by the management of the Company and checked its arithmetical accuracy.
- ii. obtained the rental income summary of the Remaining Unit which was prepared by the management of the Company and compared the total amounts of rental income for each of the three years ended 31 March 2017 as shown in the rental income summary to respective total rental amounts as shown in the rental income listing.
- iii. compared the particulars of the co-tenants’ names, tenancy periods and monthly rental amounts shown in the rental income listing of the Remaining Unit to the Land Search Record which was provided to Deloitte by the management of the Company.

Deloitte’s findings are:

- a. With respect to procedure i, Deloitte found that the rental income listing of the Remaining Unit for each of the three years ended 31 March 2017 to be arithmetically accurate.
- b. With respect to procedure ii, Deloitte found that the total amounts of rental income of the Remaining Unit for each of the three years ended 31 March 2017 as shown in the rental income summary to be in agreement with respective total amounts as shown in the rental income listing.
- c. With respect to procedure iii, Deloitte found that the particulars of the co-tenants’ names, tenancy periods and monthly rental amounts as shown in the rental income listing of the Remaining Unit to be in agreement with those contained in the Land Search Record which was provided to Deloitte by the management of the Company.

Because the above procedures do not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, Deloitte does not express any assurance on the rental income summary and rental income listing.

Had Deloitte performed additional procedures or had Deloitte performed an assurance engagement on the rental income summary or the rental income listing in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to Deloitte’s attention that would have been reported to the Company.

6. The Directors are of the views that the omission of a profit and loss statement for the net income stream of the Remaining Unit in the past would not render this circular materially incomplete and misleading or deceptive.

VALUATION OF THE REMAINING UNIT

No valuation of the Remaining Unit at the end of the three years ended 31 March 2017 has been disclosed herein as the Directors were unable to obtain any valuation reports from the landlord.

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE ACQUISITION****Introduction**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the “Possible Acquisition Unaudited Pro Forma Financial Information”) of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the proposed acquisition of the Remaining Unit upon a successful bid at the Auction of the entire Matheson Building by order of the Lands Tribunal (the “Possible Acquisition”) as if the Possible Acquisition had been completed as of 31 March 2017 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2017, or 1 April 2016 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017, after making the pro forma adjustments relating to the Possible Acquisition that are factually supportable and directly attributable, as explained in the notes below.

The Possible Acquisition Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2017 had the Possible Acquisition been completed as of 31 March 2017, and (ii) the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2017 had the Possible Acquisition been completed as at 1 April 2016; or at any future dates.

Unaudited Pro Forma Statement of Financial Position

	The Group as at 31 March 2017	Pro forma adjustments			Pro forma total for the Group
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Audited)				(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>		
Non-current assets					
Property, plant and equipment	3,616	—	—		3,616
Investment properties	1,320,369	201,414	—		1,521,783
Loans receivable	44,326	—	—		44,326
Available-for-sale investments	158,541	—	—		158,541
	<u>1,526,852</u>	<u>201,414</u>	<u>—</u>		<u>1,728,266</u>
Current assets					
Properties held for development for sale	1,035,792	—	—		1,035,792
Deposits and prepayments for acquisition of properties held for development for sale	12,791	—	—		12,791
Trade and other receivables	40,171	—	—		40,171
Loans receivable	220,069	—	—		220,069
Investments held for trading	4,505	—	—		4,505
Other financial assets	53,980	—	—		53,980
Bank deposits with original maturity of more than three months	103,606	—	—		103,606
Bank balances and cash	409,884	<u>(201,414)</u>	<u>(550)</u>		<u>207,920</u>
	<u>1,880,798</u>	<u>(201,414)</u>	<u>(550)</u>		<u>1,678,834</u>

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

	The Group as at 31 March 2017	Pro forma adjustments		Pro forma total for the Group
	<i>HK\$ '000</i> (Audited) <i>(Note 1)</i>	<i>HK\$ '000</i> <i>(Note 2)</i>	<i>HK\$ '000</i> <i>(Note 3)</i>	<i>HK\$ '000</i> (Unaudited)
Current liabilities				
Trade and other payables	48,712	—	—	48,712
Tax payable	9,430	—	—	9,430
Convertible notes	81,981	—	—	81,981
Secured bank borrowings	<u>420,400</u>	<u>—</u>	<u>—</u>	<u>420,400</u>
	<u>560,523</u>	<u>—</u>	<u>—</u>	<u>560,523</u>
Net current assets	<u>1,320,275</u>	<u>(201,414)</u>	<u>(550)</u>	<u>1,118,311</u>
Total assets less current liabilities	<u>2,847,127</u>	<u>—</u>	<u>(550)</u>	<u>2,846,577</u>
Non-current liabilities				
Convertible notes	13,820	—	—	13,820
Deferred tax liabilities	21,854	—	—	21,854
Secured bank borrowings	<u>359,300</u>	<u>—</u>	<u>—</u>	<u>359,300</u>
	<u>394,974</u>	<u>—</u>	<u>—</u>	<u>394,974</u>
Net assets	<u><u>2,452,153</u></u>	<u><u>—</u></u>	<u><u>(550)</u></u>	<u><u>2,451,603</u></u>
Capital and reserves				
Share capital	19,118	—	—	19,118
Reserves	<u>2,433,035</u>	<u>—</u>	<u>(550)</u>	<u>2,432,485</u>
Total equity	<u><u>2,452,153</u></u>	<u><u>—</u></u>	<u><u>(550)</u></u>	<u><u>2,451,603</u></u>

Notes to the unaudited pro forma statement of financial position:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents (i) the Possible Acquisition for a cash consideration of HK\$185,220,000 with the intention for capital appreciation; and (ii) the incurrence of expenses directly attributable to the Possible Acquisition of approximately HK\$16,194,000, including non-refundable portion of Ad Valorem Stamp Duty of approximately HK\$15,744,000, and trustee cost, trustee's solicitor cost and auctioneer's cost of approximately HK\$450,000. The Group will settle the above consideration and directly attributable expenses, including the stamp duty, by cash.

The Lands Tribunal has determined the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000. The value of the Remaining Unit is determined by the sale order issued by the Lands Tribunal which is 42% of the entire Matheson Building, therefore the value of the Remaining Unit is HK\$185,220,000.

The Company will bid at the Auction at HK\$441,000,000 (the reserve price) or a sum in excess of this amount. The price it actually bids and will be required to pay if its bid is successful will depend on, among others, the Group's perception of the property market and its prospects at the date of the Auction, as well as the bids made by competitors at the Auction. As such, the consideration for acquiring the Remaining Unit may be higher than HK\$185,220,000. However, there is no certainty that the Auction will proceed or the Company will be successful in its bid at the Auction.

3. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
4. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

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

	The Group For the year ended 31 March 2017	Pro forma adjustments	Pro forma total for the Group
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Audited)		(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	
Revenue	36,518	—	36,518
Cost of goods sold and services rendered	<u>(171)</u>	<u>—</u>	<u>(171)</u>
	36,347	—	36,347
Other income	17,573	—	17,573
Other gains and losses	(286)	—	(286)
Other expenses	(492)	—	(492)
Distribution and selling expenses	(13)	—	(13)
Administrative expenses	(32,911)	(550)	(33,461)
Loss on changes in fair value of investment properties	(12,792)	—	(12,792)
Impairment loss on available-for-sale investments	(14,176)	—	(14,176)
Loss on fair value changes of investments held for trading	(2,374)	—	(2,374)
Loss on fair value change of financial assets designated as at fair value through profit or loss	(1,255)	—	(1,255)
Finance costs	<u>(19,213)</u>	<u>—</u>	<u>(19,213)</u>
Loss before taxation	(29,592)	(550)	(30,142)
Taxation	<u>2,965</u>	<u>—</u>	<u>2,965</u>
Loss for the year attributable to owners of the Company	<u>(26,627)</u>	<u>(550)</u>	<u>(27,177)</u>

	The Group For the year ended 31 March 2017 HK\$'000 (Audited) (Note 1)	Pro forma adjustments HK\$'000 (Note 2)	Pro forma total for the Group HK\$'000 (Unaudited)
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of financial statements of foreign operations	(16,038)	—	(16,038)
Change in fair value of available-for- sale investments	13,995	—	13,995
Reclassification adjustment upon impairment of available-for-sale investments	14,176	—	14,176
Release upon disposal of available- for-sale investments	<u>(5,059)</u>	<u>—</u>	<u>(5,059)</u>
Other comprehensive income for the year	<u>7,074</u>	<u>—</u>	<u>7,074</u>
Total comprehensive expense for the year attributable to owners of the Company	<u><u>(19,553)</u></u>	<u><u>(550)</u></u>	<u><u>(20,103)</u></u>

Notes to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
3. The Remaining Unit is vacant as at the Latest Practicable Date, but a tenancy agreement is on file at the Land Registry. The term of the tenancy is 4 years from 1 December 2013 to 30 November 2017 at (i) a monthly rental of HK\$240,000 during the period from 1 December 2013 to 30 November 2015; and (ii) a monthly rental of HK\$300,000 from 1 December 2015 to 30 November 2017 (the “Tenancy Agreement”). The Company, through its legal advisers in this transaction, has been unable to gain full access to the underlying books and records and has no information regarding the income, direct costs and other expenses relating to the Remaining Unit. Full information of the Remaining Unit is not available to the Company despite the efforts to obtain the same and the Directors are uncertain about the period of occupancy of the Remaining Unit by the tenant during the year ended 31 March 2017 despite the Tenancy Agreement. Accordingly, pro forma adjustments above do not take into account of the income, direct costs and other expenses relating to the Remaining Unit. Assuming the Remaining Unit had been leased out in accordance with the Tenancy Agreement, gross rental income to be generated from the Remaining Unit during the year ended 31 March 2017 would have amounted to HK\$3,600,000. In the opinion of the Directors, direct costs (such as government rates, government rent and management fee) and other expenses (such as maintenance cost and insurance cost) relating to the Remaining Unit, if any to be borne by the Group, during the year ended 31 March 2017 shall be minimal.
4. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

**APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group For the year ended 31 March 2017 HK\$'000 (Audited) (Note 1)	Pro forma adjustments HK\$'000 HK\$'000 (Note 2) (Note 3)		Pro forma total for the Group HK\$'000 (Unaudited)
Operating activities				
Loss before taxation	(29,592)	—	(550)	(30,142)
Adjustments for:				
Interest income	(6,421)	—	—	(6,421)
Interest expense	19,213	—	—	19,213
Depreciation	444	—	—	444
Loss on disposal of property, plant and equipment	1	—	—	1
Loss on changes in fair value of investment properties	12,792	—	—	12,792
Impairment loss on available-for-sale investments	14,176	—	—	14,176
Gain on disposal of available-for-sale investments	(5,059)	—	—	(5,059)
Unrealised loss on fair value changes of investments held for trading	2,374	—	—	2,374
Loss on fair value change of financial assets designated as at fair value through profit or loss	1,255	—	—	1,255
Equity-settled share-based payment expense	2,083	—	—	2,083
Dividend income from listed investments	(4,247)	—	—	(4,247)

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

	The Group			Pro forma total for the Group
	For the			
	year ended			
	31 March			
	2017	Pro forma adjustments		
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Audited)			(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	
Operating cash flows before movements in working capital	7,019	—	(550)	6,469
Increase in properties held for development for sale	(393,338)	—	—	(393,338)
Increase in deposits and prepayments paid for acquisition of properties held for development for sale	(12,791)	—	—	(12,791)
Increase in trade and other receivables	(4,340)	—	—	(4,340)
Increase in loans receivable	(188,395)	—	—	(188,395)
Increase in investments held for trading	(935)	—	—	(935)
Increase in trade and other payables	<u>18,901</u>	<u>—</u>	<u>—</u>	<u>18,901</u>
Cash used in operations	(573,879)	—	(550)	(574,429)
Income tax paid	(133)	—	—	(133)
Dividend received from investments	<u>4,247</u>	<u>—</u>	<u>—</u>	<u>4,247</u>
Net cash used in operating activities	<u>(569,765)</u>	<u>—</u>	<u>(550)</u>	<u>(570,315)</u>

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

	The Group For the year ended 31 March 2017	Pro forma adjustments		Pro forma total for the Group
	<i>HK\$ '000</i> (Audited) <i>(Note 1)</i>	<i>HK\$ '000</i> <i>(Note 2)</i>	<i>HK\$ '000</i> <i>(Note 3)</i>	<i>HK\$ '000</i> (Unaudited)
Investing activities				
Purchase of other finance assets	(375,976)	—	—	(375,976)
Placement of bank deposits with original maturity of more than three months	(103,606)	—	—	(103,606)
Settlement of debts assigned in acquisition of subsidiaries	(82,135)	—	—	(82,135)
Purchase of available-for-sale investments	(35,900)	—	—	(35,900)
Net cash outflow on acquisition of assets and liabilities through acquisition of subsidiaries	(34,372)	—	—	(34,372)
Additions of investment properties	(13,778)	(201,414)	—	(215,192)
Purchase of property, plant and equipment	(3,558)	—	—	(3,558)
Proceeds from disposal of other financial assets	321,767	—	—	321,767
Proceeds from disposal of available-for-sale investments	23,133	—	—	23,133
Interest received	6,567	—	—	6,567
Proceeds from disposal of property, plant and equipment	<u>15</u>	<u>—</u>	<u>—</u>	<u>15</u>
Net cash used in investing activities	<u>(297,843)</u>	<u>(201,414)</u>	<u>—</u>	<u>(499,257)</u>

APPENDIX III

**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP REGARDING THE POSSIBLE ACQUISITION**

	The Group			Pro forma total for the Group
	For the			
	year ended			
	31 March			
	2017	Pro forma adjustments		the Group
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
	(Audited)			(Unaudited)
	<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>	
Financing activities				
Bank borrowings raised	684,595	—	—	684,595
Proceeds from issue of new shares	96,140	—	—	96,140
Proceeds from issue of convertible note	50,000	—	—	50,000
Interest paid	(10,678)	—	—	(10,678)
Repayment of bank borrowings	(5,027)	—	—	(5,027)
Transaction costs attributable to issue of new shares	(961)	—	—	(961)
	<u>814,069</u>	<u>—</u>	<u>—</u>	<u>814,069</u>
Net cash from financing activities				
	<u>814,069</u>	<u>—</u>	<u>—</u>	<u>814,069</u>
Net decrease in cash and cash equivalents	(53,539)	(201,414)	(550)	(255,503)
Cash and cash equivalents at beginning of the year	465,279	—	—	465,279
Effect of foreign exchange rate changes	(1,856)	—	—	(1,856)
	<u>(55,216)</u>	<u>—</u>	<u>—</u>	<u>(55,216)</u>
Cash and cash equivalents at end of the year, represented by bank balances and cash	<u>409,884</u>	<u>(201,414)</u>	<u>(550)</u>	<u>207,920</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP REGARDING THE POSSIBLE ACQUISITION

Notes to the unaudited pro forma consolidated statement of cash flows:

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents (i) the Possible Acquisition for a cash consideration of HK\$185,220,000 with the intention for capital appreciation; and (ii) the incurrence of expenses directly attributable to the Possible Acquisition of approximately HK\$16,194,000, including non-refundable portion of Ad Valorem Stamp Duty of approximately HK\$15,744,000, and trustee cost, trustee's solicitor cost and auctioneer's cost of approximately HK\$450,000. The Group will settle the above consideration and directly attributable expenses, including the stamp duty, by cash.

The Lands Tribunal has determined the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000. The value of the Remaining Unit is determined by the sale order issued by the Lands Tribunal which is 42% of the entire Matheson Building, therefore the value of the Remaining Unit is HK\$185,220,000.

The Company will bid at the Auction at HK\$441,000,000 (the reserve price) or a sum in excess of this amount. The price it actually bids and will be required to pay if its bid is successful will depend on, among others, the Group's perception of the property market and its prospects at the date of the Auction, as well as the bids made by competitors at the Auction. As such, the consideration for acquiring the Remaining Unit may be higher than HK\$185,220,000. However, there is no certainty that the Auction will proceed or the Company will be successful in its bid at the Auction.

3. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
4. The Remaining Unit is vacant as at the Latest Practicable Date, but the Tenancy Agreement is on file at the Land Registry. The term of the tenancy is 4 years from 1 December 2013 to 30 November 2017 at (i) a monthly rental of HK\$240,000 during the period from 1 December 2013 to 30 November 2015; and (ii) a monthly rental of HK\$300,000 from 1 December 2015 to 30 November 2017. The Company, through its legal advisers in this transaction, has been unable to gain full access to the underlying books and records and has no information regarding the income, direct costs and other expenses relating to the Remaining Unit. Full information of the Remaining Unit is not available to the Company despite the efforts to obtain the same and the Directors are uncertain about the period of occupancy of the Remaining Unit by the tenant during the year ended 31 March 2017 despite the Tenancy Agreement. Accordingly, pro forma adjustments above do not take into account of the income, direct costs and other expenses relating to the Remaining Unit. Assuming the Remaining Unit had been leased out in accordance with the Tenancy Agreement, gross rental income to be generated from the Remaining Unit during the year ended 31 March 2017 would have amounted to HK\$3,600,000. In the opinion of the Directors, direct costs (such as government rates, government rent and management fee) and other expenses (such as maintenance cost and insurance cost) relating to the Remaining Unit, if any to be borne by the Group, during the year ended 31 March 2017 shall be minimal.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

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

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information regarding the Possible Acquisition.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION****TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Eminence Enterprise Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2017, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017 and related notes as set out in Section A of Appendix III to the circular issued by the Company dated 12 September 2017 (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 acquisition of ground floor and cockloft, No. 11 Matheson Street, Causeway Bay, Hong Kong upon a successful bid at a public auction of the entire interest in a building at No. 11 and 13 Matheson Street by order of the Lands Tribunal (the "Possible Acquisition") on the Group's financial position as at 31 March 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the Possible Acquisition had taken place at 31 March 2017 and 1 April 2016 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 March 2017, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 or 1 April 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 pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 September 2017

**A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
REGARDING THE POSSIBLE DISPOSAL****Introduction**

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows (collectively referred to as the “Possible Disposal Unaudited Pro Forma Financial Information”) of the Group, which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Group’s obligation to dispose of its entire interest in the Owned Properties if the Group is not successful in its bid at the Auction of the entire Matheson Building by order of the Lands Tribunal (the “Possible Disposal”) as if the Possible Disposal had been completed as of 31 March 2017 in the case of the unaudited pro forma consolidated statement of financial position as at 31 March 2017, or 1 April 2016 in the case of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017, after making the pro forma adjustments relating to the Possible Disposal that are factually supportable and directly attributable, as explained in the notes below.

The Possible Disposal Unaudited Pro Forma Financial Information of the Group has been prepared by the Directors in accordance with Paragraph 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of (i) the consolidated statement of financial position as at 31 March 2017 had the Possible Disposal been completed as of 31 March 2017, and (ii) the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 March 2017 had the Possible Disposal been completed as at 1 April 2016; or at any future dates.

Unaudited Pro Forma Statement of Financial Position

	The Group as at 31 March 2017 HK\$'000 (Audited) (Note 1)	HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 3)	HK\$'000 (Note 4)	Pro forma total for the Group HK\$'000 (Unaudited)
Non-current assets					
Property, plant and equipment	3,616	—	—	—	3,616
Investment properties	1,320,369	(327,600)	—	—	992,769
Loans receivable	44,326	—	—	—	44,326
Available-for-sale investments	158,541	—	—	—	158,541
	<u>1,526,852</u>	<u>(327,600)</u>	<u>—</u>	<u>—</u>	<u>1,199,252</u>
Current assets					
Properties held for development for sale	1,035,792	—	—	—	1,035,792
Deposits and prepayments for acquisition of properties held for development for sale	12,791	—	—	—	12,791
Trade and other receivables	40,171	(33,984)	—	—	6,187
Loans receivable	220,069	—	—	—	220,069
Investments held for trading	4,505	—	—	—	4,505
Other financial assets	53,980	—	—	—	53,980
Bank deposits with original maturity of more than three months	103,606	—	—	—	103,606
Bank balances and cash	409,884	254,830	(359)	(550)	663,805
	<u>1,880,798</u>	<u>220,846</u>	<u>(359)</u>	<u>(550)</u>	<u>2,100,735</u>
Current liabilities					
Trade and other payables	48,712	—	(359)	—	48,353
Tax payable	9,430	—	—	—	9,430
Convertible notes	81,981	—	—	—	81,981
Secured bank borrowings	420,400	—	—	—	420,400
	<u>560,523</u>	<u>—</u>	<u>(359)</u>	<u>—</u>	<u>560,164</u>
Net current assets	<u>1,320,275</u>	<u>220,846</u>	<u>—</u>	<u>(550)</u>	<u>1,540,571</u>
Total assets less current liabilities	<u>2,847,127</u>	<u>(106,754)</u>	<u>—</u>	<u>(550)</u>	<u>2,739,823</u>
Non-current liabilities					
Convertible notes	13,820	—	—	—	13,820
Deferred tax liabilities	21,854	—	—	—	21,854
Secured bank borrowings	359,300	—	—	—	359,300
	<u>394,974</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>394,974</u>
Net assets	<u>2,452,153</u>	<u>(106,754)</u>	<u>—</u>	<u>(550)</u>	<u>2,344,849</u>
Capital and reserves					
Share capital	19,118	—	—	—	19,118
Reserves	2,433,035	(106,754)	—	(550)	2,325,731
Total equity	<u>2,452,153</u>	<u>(106,754)</u>	<u>—</u>	<u>(550)</u>	<u>2,344,849</u>

Notes to the unaudited pro forma statement of financial position:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents (i) the disposal of the Owned Properties with a carrying amount of HK\$327,600,000 for a cash consideration of HK\$255,780,000 net of expenses directly attributable to the Possible Disposal of approximately HK\$500,000; (ii) write-off of refundable stamp duty of approximately HK\$28,463,000 which becomes non-refundable when the Group ceases to undertake the property redevelopment project and write-off of prepayment of approximately HK\$5,521,000, representing consultant fee of the property redevelopment project; and (iii) the incurrence of expenses directly attributable to the Auction of approximately HK\$450,000, representing trustee cost, trustee's solicitor cost and auctioneer's cost. The Group will receive the above gross proceeds from the bidder who wins at the Auction (the "Winning Bidder") and settle the directly attributable expenses by cash.

The Lands Tribunal has determined the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000. The value of the Owned Properties is determined by the sale order issued by the Lands Tribunal which is 58% of the entire Matheson Building, therefore the value of the Owned Properties is HK\$255,780,000, which is the minimum disposal price. There is no certainty that the disposal price will be higher than the minimum disposal price of HK\$255,780,000. Any change in the disposal price will affect the gross proceeds to be received from the Winning Bidder.

If the mandate to acquire the interest in the Remaining Unit by way of the Possible Acquisition is not approved by the Shareholders at the SGM, the Group will not bid at the Auction and will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder.

Similarly, if the Group is not successful in its bid at the Auction, the Group will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder. However, there is no certainty that the Auction will proceed or the completion of the Possible Disposal will take place.

3. The adjustment represents refund of rental deposits received of approximately HK\$359,000 to respective tenants upon disposal of the Owned Properties to the Winning Bidder.
4. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
5. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

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

	The Group For the year ended 31 March 2017		Pro forma adjustments		Pro forma total for the Group
	HK\$'000 (Audited) (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Unaudited)
Revenue	36,518	—	(2,685)	—	33,833
Cost of goods sold and services rendered	(171)	—	—	—	(171)
	36,347	—	(2,685)	—	33,662
Other income	17,573	—	—	—	17,573
Other gains and losses	(286)	—	—	—	(286)
Other expenses	(492)	(33,984)	—	—	(34,476)
Distribution and selling expenses	(13)	—	—	—	(13)
Administrative expenses	(32,911)	(450)	168	—	(33,743)
Loss on changes in fair value of investment properties	(12,792)	—	—	5,760	(7,032)
Impairment loss on available-for-sale investments	(14,176)	—	—	—	(14,176)
Loss on fair value changes of investments held for trading	(2,374)	—	—	—	(2,374)
Loss on fair value change of financial assets designated as at fair value through profit or loss	(1,255)	—	—	—	(1,255)
Loss on disposal of investment properties	—	(72,320)	—	—	(72,320)
Finance costs	(19,213)	—	—	—	(19,213)
Loss before taxation	(29,592)	(106,754)	(2,517)	5,760	(133,653)
Taxation	2,965	—	—	—	2,965
Loss for the year attributable to owners of the Company	(26,627)	(106,754)	(2,517)	5,760	(130,688)
Other comprehensive (expense) income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of financial statements of foreign operations	(16,038)	—	—	—	(16,038)
Change in fair value of available-for-sale investments	13,995	—	—	—	13,995
Reclassification adjustment upon impairment of available-for-sale investments	14,176	—	—	—	14,176
Release upon disposal of available-for-sale investments	(5,059)	—	—	—	(5,059)
Other comprehensive income for the year	7,074	—	—	—	7,074
Total comprehensive expense for the year attributable to owners of the Company	(19,553)	(106,754)	(2,517)	5,760	(123,614)

Notes to the unaudited pro forma consolidated statement of profit or loss and other comprehensive income:

1. The figures are extracted from the audited consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents (i) loss on disposal of the Owned Properties (held as investment properties) of HK\$72,320,000 which is derived from the gross sale proceeds of HK\$255,780,000 net of expenses directly attributable to the Possible Disposal of approximately HK\$500,000, and the carrying amount of the Owned Properties of HK\$327,600,000; (ii) write-off of refundable stamp duty of approximately HK\$28,463,000 which becomes non-refundable when the Group ceases to undertake the property redevelopment project and write-off of prepayment of approximately HK\$5,521,000, representing consultant fee of the property redevelopment project; and (iii) the incurrence of expenses directly attributable to the Auction of approximately HK\$450,000, representing trustee cost, trustee's solicitor cost and auctioneer's cost.

The Lands Tribunal has determined the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000. The value of the Owned Properties is determined by the sale order issued by the Lands Tribunal which is 58% of the entire Matheson Building, therefore the value of the Owned Properties is HK\$255,780,000, which is the minimum disposal price. There is no certainty that the disposal price will be higher than the minimum disposal price of HK\$255,780,000. Any change in the disposal price will affect the gross proceeds to be received from the Winning Bidder and the loss (or gain) on disposal of the Owned Properties (held as investment properties).

If the mandate to acquire the interest in the Remaining Unit by way of the Possible Acquisition is not approved by the Shareholders at the SGM, the Group will not bid at the Auction and will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder.

Similarly, if the Group is not successful in its bid at the Auction, the Group will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder. However, there is no certainty that the Auction will proceed or the completion of the Possible Disposal will take place.

3. The adjustment represents elimination of (i) rental income received from letting of the Owned Properties of approximately HK\$2,685,000; and (ii) expenses attributable to the Owned Properties of approximately HK\$168,000.
4. The adjustment represents elimination of loss on changes in fair value of the Owned Properties (held as investment properties) of approximately HK\$5,760,000.
5. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

Unaudited Pro Forma Consolidated Statement of Cash Flows

	The Group For the year ended 31 March 2017		Pro forma adjustments		Pro forma total for the Group		
	HK\$'000 (Audited) (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	HK\$'000 (Unaudited)
Operating activities							
Loss before taxation	(29,592)	(106,754)	—	(2,517)	5,760	(550)	(133,653)
Adjustments for:				—			
Interest income	(6,421)	—	—	—	—	—	(6,421)
Interest expense	19,213	—	—	—	—	—	19,213
Depreciation	444	—	—	—	—	—	444
Loss on disposal of property, plant and equipment	1	—	—	—	—	—	1
Loss on disposal of investment properties	—	72,320	—	—	—	—	72,320
Loss on changes in fair value of investment properties	12,792	—	—	—	(5,760)	—	7,032
Impairment loss on available-for- sale investments	14,176	—	—	—	—	—	14,176
Gain on disposal of available- for-sale investments	(5,059)	—	—	—	—	—	(5,059)
Unrealised loss on fair value changes of investments held for trading	2,374	—	—	—	—	—	2,374
Loss on fair value change of financial assets designated as at fair value through profit or loss	1,255	—	—	—	—	—	1,255
Equity-settled share-based payment expense	2,083	—	—	—	—	—	2,083
Dividend income from listed investments	(4,247)	—	—	—	—	—	(4,247)
Operating cash flows before movements in working capital	7,019	(34,434)	—	(2,517)	—	(550)	(30,482)
Increase in properties held for development for sale	(393,338)	—	—	—	—	—	(393,338)
Increase in deposits and prepayments paid for acquisition of properties held for development for sale	(12,791)	33,984	—	—	—	—	21,193
Increase in trade and other receivables	(4,340)	—	—	—	—	—	(4,340)
Increase in loans receivable	(188,395)	—	—	—	—	—	(188,395)
Increase in investments held for trading	(935)	—	—	—	—	—	(935)
Increase in trade and other payables	18,901	—	(359)	—	—	—	18,542
Cash used in operations	(573,879)	(450)	(359)	(2,517)	—	(550)	(577,755)
Income tax paid	(133)	—	—	—	—	—	(133)
Dividend received from investments	4,247	—	—	—	—	—	4,247
Net cash used in operating activities	(569,765)	(450)	(359)	(2,517)	—	(550)	(573,641)

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP REGARDING THE POSSIBLE DISPOSAL

	The Group For the year ended 31 March 2017 HK\$'000 (Audited) (Note 1)	HK\$'000 (Note 2)	HK\$'000 (Note 3)	Pro forma adjustments HK\$'000 (Note 4)	HK\$'000 (Note 5)	HK\$'000 (Note 6)	Pro forma total for the Group HK\$'000 (Unaudited)
Investing activities							
Purchase of other finance assets	(375,976)	—	—	—	—	—	(375,976)
Placement of bank deposits with original maturity of more than three months	(103,606)	—	—	—	—	—	(103,606)
Settlement of debts assigned in acquisition of subsidiaries	(82,135)	—	—	—	—	—	(82,135)
Purchase of available-for-sale investments	(35,900)	—	—	—	—	—	(35,900)
Net cash outflow on acquisition of assets and liabilities through acquisition of subsidiaries	(34,372)	—	—	—	—	—	(34,372)
Additions of investment properties	(13,778)	—	—	—	—	—	(13,778)
Purchase of property, plant and equipment	(3,558)	—	—	—	—	—	(3,558)
Proceeds from disposal of other financial assets	321,767	—	—	—	—	—	321,767
Proceeds from disposal of investment properties	—	255,280	—	—	—	—	255,280
Proceeds from disposal of available- for-sale investments	23,133	—	—	—	—	—	23,133
Interest received	6,567	—	—	—	—	—	6,567
Proceeds from disposal of property, plant and equipment	15	—	—	—	—	—	15
Net cash used in investing activities	(297,843)	255,280	—	—	—	—	(42,563)
Financing activities							
Bank borrowings raised	684,595	—	—	—	—	—	684,595
Proceeds from issue of new shares	96,140	—	—	—	—	—	96,140
Proceeds from issue of convertible note	50,000	—	—	—	—	—	50,000
Interest paid	(10,678)	—	—	—	—	—	(10,678)
Repayment of bank borrowings	(5,027)	—	—	—	—	—	(5,027)
Transaction costs attributable to issue of new shares	(961)	—	—	—	—	—	(961)
Net cash from financing activities	814,069	—	—	—	—	—	814,069
Net decrease in cash and cash equivalents	(53,539)	254,830	(359)	(2,517)	—	(550)	197,865
Cash and cash equivalents at beginning of the year	465,279	—	—	—	—	—	465,279
Effect of foreign exchange rate changes	(1,856)	—	—	—	—	—	(1,856)
Cash and cash equivalents at end of the year, represented by bank balances and cash	409,884	254,830	(359)	(2,517)	—	(550)	661,288

Notes to the unaudited pro forma consolidated statement of cash flows:

1. The figures are extracted from the audited consolidated statement of cash flows of the Group for the year ended 31 March 2017 as set out in the published annual report of the Company for the year ended 31 March 2017.
2. The adjustment represents (i) the disposal of the Owned Properties with a carrying amount of HK\$327,600,000 for a cash consideration of HK\$255,780,000 net of expenses directly attributable to the Possible Disposal of approximately HK\$500,000; (ii) write-off of refundable stamp duty of approximately HK\$28,463,000 which becomes non-refundable when the Group ceases to undertake the property redevelopment project and write-off of prepayment of approximately HK\$5,521,000, representing consultant fee of the property redevelopment project; and (iii) the incurrence of expenses directly attributable to the Auction of approximately HK\$450,000, representing trustee cost, trustee's solicitor cost and auctioneer's cost. The Group will receive the above gross proceeds from the Winning Bidder and settle the directly attributable expenses by cash.

The Lands Tribunal has determined the reserve price for the entire Matheson Building at the Auction at HK\$441,000,000. The value of the Owned Properties is determined by the sale order issued by the Lands Tribunal which is 58% of the entire Matheson Building, therefore the value of the Owned Properties is HK\$255,780,000, which is the minimum disposal price. There is no certainty that the disposal price will be higher than the minimum disposal price of HK\$255,780,000. Any change in the disposal price will affect the gross proceeds to be received from the Winning Bidder and the loss (or gain) on disposal of the Owned Properties (held as investment properties).

If the mandate to acquire the interest in the Remaining Unit by way of the Possible Acquisition is not approved by the Shareholders at the SGM, the Group will not bid at the Auction and will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder.

Similarly, if the Group is not successful in its bid at the Auction, the Group will be obliged to sell its entire interest in the Owned Properties to the Winning Bidder. However, there is no certainty that the Auction will proceed or the completion of the Possible Disposal will take place.

3. The adjustment represents refund of rental deposits received of approximately HK\$359,000 to respective tenants upon disposal of the Owned Properties to the Winning Bidder.
4. The adjustment represents elimination of (i) rental income received from letting of the Owned Properties of approximately HK\$2,685,000; and (ii) expenses attributable to the Owned Properties of approximately HK\$168,000.
5. The adjustment represents elimination of loss on changes in fair value of the Owned Properties (held as investment properties) of approximately HK\$5,760,000.
6. The adjustment represents payment of the estimated transaction costs attributable to this circular of approximately HK\$550,000.
7. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2017.

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

The following is the text of a report received from our reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this circular, in respect of the unaudited pro forma financial information regarding the Possible Disposal.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL
INFORMATION****TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Eminence Enterprise Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2017, and the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 March 2017 and related notes as set out in Section A of Appendix IV to the circular issued by the Company dated 12 September 2017 (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 IV to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Group's obligation to dispose of its interest in the 12 units of No. 11 and 13 Matheson Street, Causeway Bay, Hong Kong that it owns if the Group is not successful in its bid at a public auction of the entire interest in a building at No. 11 and 13 Matheson Street by order of the Lands Tribunal (the "Possible Disposal") on the Group's financial position as at 31 March 2017 and the Group's financial performance and cash flows for the year ended 31 March 2017 as if the Possible Disposal had taken place at 31 March 2017 and 1 April 2016 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 March 2017, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 or 1 April 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 pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 September 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their valuation of the property as at 31 July 2017.

Eminence Enterprise Limited

Block A, 7/F, Hong Kong Spinners Building Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T : (852) 2801 6100
F : (852) 2530 0756

EA Licence: C-023750
savills.com

12 September 2017

Dear Sirs

RE: 11 & 13 MATHESON STREET, CAUSEWAY BAY, HONG KONG (“PROPERTY”)

In accordance with the instructions from Eminence Enterprise Limited (“**Company**”) to value 100% interest of the Property, we confirm that we have carried out inspection, made relevant searches and enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 31 July 2017 for the purposes of inclusion in a circular to be issued by the Company on 12 September 2017.

BASIS OF VALUATION

Our valuation is our opinion of the Market Value of the Property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

We are independent of the Company and the owner of the Property and have carried out the valuation independently and impartially. Our valuation is prepared in accordance with “The HKIS Valuation Standards (2012 Edition)” published by The Hong Kong Institute of Surveyors. We have also complied with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY AND ASSUMPTIONS

In preparing our valuation of the Property, which is held for development, we have valued the Property on the basis that it will be redeveloped in accordance with development scheme in the Order for Sale granted by the Lands Tribunal and under the development constraints as stipulated in the Government Lease, town planning zoning and Buildings Ordinance. We have assumed that all consents, approvals and licenses from relevant government authorities for the redevelopment will be obtained without undue delay or onerous conditions.

In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and have also taken into account the costs that will be expended to complete the development to reflect the quality of the completed development.

We have collected and analyzed the recent sales of commercial premises on the ground floor and upper floors of commercial or commercial/residential buildings close to the Property in Causeway Bay. The comparables are selected on the basis that they are similar to the development scheme mainly in terms of location, accessibility, age, size, use and the time of transaction. We consider that the comparable sales provide adequate reference for the valuation.

We understand that the Lands Tribunal of the Government has granted an Order for Sale of all the undivided shares of the Property under Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545). Pursuant to the Order for Sale, the Property should be sold by auction within a period of 3 months from 31 July 2017. As advised by the Company, there are no other investigations, notices, pending litigation, breaches of law or title defects against the Property.

In the course of our valuation, we have assumed that the Property has good legal title and is freely transferable in the market.

TITLE INVESTIGATIONS

We have not been provided with any title documents relating to the Property but we have caused searches to be made at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

VALUATION CONSIDERATION AND ASSUMPTIONS

We have relied to a very considerable extent on information provided by the instructing party and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancy status, development scheme and all other relevant matters. Dimensions, measurements and areas included in this certificate are based on information contained in the documents provided to us and are therefore only approximations.

We have inspected the exterior of the Property. Our inspection was undertaken by Mr. Chris Lee, MHKIS, on 28 August 2017. However, we have not been able to carry out investigations on the site to determine the suitability of the ground conditions and services etc. for the redevelopment. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delay will be incurred during construction period. No environmental study for the Property has been made.

We have not been able to carry out detailed site measurement to verify the correctness of the site area of the Property and we have assumed that the site area shown on the documents handed to us is correct.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We enclose herewith our valuation certificate.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: Charles C K Chan is a professional surveyor who has over 33 years' experience in valuation of properties in Hong Kong.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 July 2017
11 & 13 Matheson Street, Causeway Bay, Hong Kong. Section Q and Section R of Inland Lot No. 730.	The Property comprises a rectangular Class A site with a registered site area of approximately 170.56 sq m (1,836 sq ft). Currently erected on the site is a 6-storey commercial/residential building completed in 1965.	As instructed by the Company, the Property is valued on vacant possession basis.	HK\$441,000,000 (Hong Kong Dollars Four Hundred and Forty-One Million) (100% interest)
	The Property is situated on the north-western side of Matheson Street between its junctions with Sharp Street East and Yiu Wa Street in Causeway Bay of Hong Kong Island. The neighbourhood is a prime commercial, shopping and tourist area in Hong Kong. Developments in the vicinity comprise mainly commercial buildings, commercial/residential composite buildings and hotels.		
	The Property is subject to an Order for Sale under Land (Compulsory Sale for Redevelopment) Ordinance (Cap 545). The development scheme in the Order for Sale comprises a 25-storey commercial building with a total gross floor area of approximately 2,558.40 sq m (27,539 sq ft).		
	Section Q of Inland Lot No. 730 and Section R of Inland Lot No. 730 are held from the Government under a Government Lease for a term of 999 years commencing on 1 September 1881.		
	The annual Government rent payable for Inland Lot No. 730 is HK\$14.		

Notes:

- (1) The current registered owner 1/F to 5/F of 11 & 13 Matheson Street and G/F with Cockloft of 13 Matheson Street of the Property is Chancemore Limited, a wholly-owned subsidiary of the Company.
- (2) The current registered owner of G/F with Cockloft of 11 Matheson Street of the Property is Yee On Enterprises Limited.
- (3) Pursuant to the land register record obtain from the Land Registry, the Property, inter alia, is subject to the following encumbrances:
 - (i) Sealed Copy Notice of Application to Lands Tribunal for an Order for Sale dated 2 December 2015 in favour of Chancemore Limited (Applicant (The Majority Owner)) and Yee On Enterprises Limited (Respondent (The Minority Owner)), and registered vide memorial no. 15120200120011; and
 - (ii) Debenture and Mortgage dated 8 March 2016 in favour of Hang Seng Bank Limited registered vide memorial no. 16033001890095 (for 1/F to 5/F of 11 & 13 Matheson Street and G/F with Cockloft of 13 Matheson Street only).
- (4) Development and uses of the Property are governed by the covenants set out in the Government Lease of Inland Lot No. 730 which is virtually unrestricted except for the prohibition against offensive trade uses.
- (5) The Property lies within an area zoned “Commercial” under Draft Wan Chai Outline Zoning Plan No. S/H5/27 gazetted on 3 August 2012. The Property is subject to a maximum building height of 130 metres above the Hong Kong Principal Datum.
- (6) According to the Order for Sale, the value of G/F with Cockloft of 11 Matheson Street, which is not currently held by the Company, shall be determined at 42% of the value of the Property. Based on our valuation of the Property, the Market Value of the G/F with Cockloft of 11 Matheson Street of the Property is therefore HK\$185,220,000 (Hong Kong Dollars One Hundred Eighty-Five Million Two Hundred Twenty Thousand).
- (7) According to the Order for Sale, the value of 1/F to 5/F of 11 & 13 Matheson Street and G/F with Cockloft of 13 Matheson Street, which is currently held by the Company, shall be determined at 58% of the value of the Property. Based on our valuation of the Property, the Market Value of the 1/F to 5/F of 11 & 13 Matheson Street and G/F with Cockloft of 13 Matheson Street of the Property is therefore HK\$255,780,000 (Hong Kong Dollars Two Hundred Fifty-Five Million Seven Hundred Eighty Thousand).

The following is the valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited, an independent valuer, in connection with its valuation as at 31 July 2017.



Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

12 September 2017

The Directors
Eminence Enterprise Limited
Block A, 7th Floor,
Hong Kong Spinners Building,
Phase 6,
Nos 481-483 Castle Peak Road,
Cheung Sha Wan,
Kowloon, Hong Kong

Dear Sirs

**VALUATION IN RESPECT OF NOS 11 – 13 MATHESON STREET, CAUSEWAY
BAY, HONG KONG (THE “PROPERTY INTEREST”)**

In accordance with the instructions to us to value the Property Interest to be acquired by Eminence Enterprise Limited (hereinafter referred to as the “Company”) and/or its subsidiaries (hereinafter together referred to as the “Group”), we confirm that we have carried out external inspection, made relevant enquiries and carried out searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property Interest in its existing state and on existing use basis as at 31 July 2017 (the “Valuation Date”) for public disclosure purposes.

BASIS OF VALUATION

In arriving at our opinion of the market value, we followed “The HKIS Valuation Standards (2012 Edition)” issued by The Hong Kong Institute of Surveyors (“HKIS”) and “The RICS Valuation – Global Standards 2017” issued by the Royal Institution of Chartered Surveyors (“RICS”). Under the said standards, Market Value is defined as:

“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction), and without offset for any associated taxes or potential taxes.

The market value is also the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Our valuation complies with the requirements as set out in “The HKIS Valuation Standards (2012 Edition)” issued by HKIS, “The RICS Valuation – Global Standards 2017” issued by the Royal Institution of Chartered Surveyors (“RICS”) and Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In forming our opinion of value of the Property Interest, we have adopted the Direct Comparison Method by making reference to comparable sale transactions as available in the relevant market. We have made our assessment on the basis of a collation and analysis of appropriate comparable sale transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the subject property, taking into account size, location, terms, covenant and other material factors.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions:

Title Documents and Encumbrances

In our valuation, we have assumed a good and marketable title and that all documentation is satisfactorily drawn. We have also assumed that the Property Interest is not subject to any unusual or onerous covenants, restrictions, encumbrances or outgoings.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property Interest nor for any expenses or taxation which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group. We have accepted advice given to us on such matters as planning approval, statutory notice, easement, tenure, site area, floor areas, number of carparking spaces and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the Property Interest, whether in writing or verbally by yourselves, your representatives or by your legal or professional advisers or by any (or any apparent) occupier of the Property Interest or contained on the register of title. We assume that this information is complete and correct.

Inspection

The external inspection of the Property Interest was undertaken by our Ms. Natalie Wong, MHKIS, MRICS on 8 September 2017. Nevertheless, we have assumed in our valuations that the Property Interest was in satisfactory exterior and interior decorative order without any unauthorised extension or structural alterations or illegal uses as at the Valuation Date, unless otherwise stated.

Identity of the Property Interest to be Valued

We have exercised reasonable care and skill to ensure that the Property Interest is the Property Interest inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property interest to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

Property Insurance

We have valued the Property Interest on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

In our valuations, we have relied upon floor areas provided to us. We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We have not undertaken any structural surveys, tested the services or arranged for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the Property Interest. Our valuation has therefore been undertaken on the basis that the Property Interest was in satisfactory repair and condition and contains no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property Interest are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuation is therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property Interest is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the Property Interest was constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property Interest upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

Limitations on Liability

In accordance with our standard practice, we must state that this valuation is for the use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. We do not accept liability to any third party or for any direct or indirect consequential losses or loss of profits as a result of this valuation.

Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the Valuation Date may affect the value of the Property Interest.

Currency

Unless otherwise stated, all monetary figures in this valuation report will be in Hong Kong Dollars (HK\$).

Area Conversion

The area conversion factors in this report are taken as follows:

1 sq m = 10.764 sq ft

We enclose herewith our valuation report.

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Natalie Wong

MRICS MHKIS RICS Registered Valuer

Associate Director, General Valuation

Yours faithfully

For and on behalf of

Knight Frank Petty Limited

Thomas Lam

FRICS FHKIS RPS(GP) RICS Registered Valuer

Senior Director, Head of Valuation &
Consultancy

Notes: Thomas Lam is a qualified valuer who has 17 years of extensive experiences in market research, valuation and consultancy in the PRC, Hong Kong, Macao and Asia Pacific region.

Natalie Wong is a qualified valuer who has about 12 years of experience in valuation of properties in Hong Kong.

VALUATION

The Property Interest to be acquired by the Group

Property Interest	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
<p>1. Nos 11&13 Matheson Street, Causeway Bay, Hong Kong</p> <p>Section Q and Section R of Inland Lot No 730</p>	<p>The Property Interest comprises the entire Section Q and Section R of Inland Lot No 730 with a total site area of about 1,836 sq ft (170.56 sq m). Erected on these two lots is a 6-storey composite commercial residential tenement block, completed in about 1965.</p> <p>The Property Interest is located in the hub of Causeway Bay which is predominated by composite commercial/office developments, composite commercial residential developments, ginza-type developments and hotel developments of various ages and heights.</p> <p>The total saleable area is approximately 5,979 sq ft (555.47 sq m) with Cocklofts, Flat Roofs and Roofs of about 741 sq ft (68.88 sq m), 542 sq ft (50.34sq m) and 654 sq ft (60.80 sq m) respectively.</p> <p>Section Q and Section R of Inland Lot No. 730 are both held under a Government Lease dated 20 May 1882 for a term of 999 years commencing from 1 September 1881. An annual Government rent of HK\$14 is payable for Inland Lot No. 730.</p>	<p>As at the Valuation Date, portions of the Property Interest were let to various tenants with a total monthly rent of approximately HK\$213,763, exclusive of management fee, government rates and rent. Details of the occupancy are shown in Note 6.</p>	<p>HK\$279,000,000</p> <p>Hong Kong Dollars Two Hundred and Seventy Nine Million</p>

Notes: (1) The registered owners of the Property Interest as at the Valuation Date is as follows:

Unit	Registered Owner
i. No 11 Matheson Street 1st – 4th Floors and 5th Floor & Portion of Roof	Chancemore Limited (5/14th share)
No 13 Matheson Street Ground Floor, Cockloft Floor, 1st – 4th Floors and 5th Floor & Portion of Roof	Chancemore Limited (7/14th share)
ii. No 11 Matheson Street Ground Floor and Cockloft Floor	Yee On Enterprises Limited (2/14th share)

- (2) Pursuant to the latest Outline Zoning Plan, the Property Interest lay within an area zoned for “Commercial” use under the Draft Wan Chai Outline Zoning Plan exhibited on 3 August 2012.
- (3) The Property Interest is subject to a non-offensive trade clause under the relevant Government lease.
- (4) The value breakdown of the Property Interest is shown below:

Unit	Market value in existing state as at 31 July 2017
i. No 11 Matheson Street 1st – 4th Floors and 5th Floor & Portion of Roof	
No 13 Matheson Street Ground Floor, Cockloft Floor, 1st – 4th Floors and 5th Floor & Portion of Roof	HK\$163,300,000
ii. No 11 Matheson Street Ground Floor with Cockloft Floor	HK\$115,700,000
Total	<u>HK\$279,000,000</u>

- (5) In our valuation, we are instructed to assess the Market Value of the Property Interest on existing use basis without taking into account the redevelopment potential of the Property Interest.
- (6) Pursuant to the record at the Land Registry, the Property Interest is subject to the following encumbrances:
- i. Deed of Mutual Covenants vide memorial no UB518944 dated 3 January 1966.
 - ii. Debenture and Mortgage in favour of Hang Seng Bank Limited vide memorial no 16033001890095 dated 8 March 2016 (Re. 1st – 4th Floors and 5th Floor & Portion of Roof, No 11 Matheson Street and Ground Floor, Cockloft Floor, 1st – 4th Floors and 5th Floor & Portion of Roof, No 13 Matheson Street).

- (7) The details of the occupancy of the Property Interest as at the Valuation Date provided by the Group are shown below:

Unit	Lease Term	Monthly Rental
No 11 Matheson Street		
Room A, 1st Floor	5 February 2017 to 4 February 2019	HK\$3,545
Room B, 1st Floor	27 August 2017 to 26 August 2018	HK\$6,893
2nd Floor	1 September 2017 to 31 August 2018	HK\$14,638
3rd Floor	1 September 2017 to 31 August 2018	HK\$8,853
4th Floor	16 November 2015 to 15 November 2017	HK\$7,868
5th Floor	1 December 2016 to 30 November 2017	HK\$6,868
No 13 Matheson Street		
Ground Floor and Cockloft Floor	10 January 2017 to 9 January 2018	HK\$120,133
Room A, 1st Floor	1 November 2016 to 31 October 2017	HK\$5,038
2nd Floor	1 July 2017 to 30 June 2018	HK\$12,338
3rd Floor	1 January 2017 to 31 December 2018	HK\$9,853
4th Floor	1 September 2017 to 31 August 2018	HK\$10,368
5th Floor	1 January 2017 to 31 December 2018	HK\$7,368
Total		<u>HK\$213,763</u>

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 (long position)	Number of underlying held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust (<i>note</i>)	457,330,692	123,480,281	580,810,973	25.97%

Notes:

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 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. 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). For the 123,480,281 underlying Shares, of which 100,880,281 are the underlying Shares of 2014CB and 2017CB held by Goodco and the remaining 22,600,000 underlying Shares of the share options granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016.

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	0.51%

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
Lui Yuk Chu	<i>i, ii</i> <i>and iii</i>	Beneficial owner	457,330,692	123,480,281	580,281,580	25.97%
Koon Wing Yee	<i>i</i>	Interest of spouse	457,330,692	123,480,281	580,810,973	25.97%
Landmark Profits	<i>i & ii</i>	Beneficial owner	93,549,498	—	93,549,498	4.18%
Goodco	<i>i & ii</i>	Beneficial owner	363,781,194	100,880,281	464,661,475	20.77%
Easyknit	<i>i & ii</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Magical Profits	<i>i & iii</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	20.78%
Winterbotham Trust	<i>i & iv</i>	Trustee	457,330,692	100,880,281	558,210,973	24.96%
Winterbotham Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Markson International Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Christopher Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Ivan Geoffery Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	100,880,281	558,210,973	24.96%
Madian Star Limited	<i>v</i>	Beneficial owner	—	537,500,000	537,500,000	24.03%
Hu Rong		Beneficial owner	179,210,000	—	179,210,000	9.37%
Able Merchant Limited	<i>vi</i>	Beneficial owner	152,222,222	—	152,222,222	6.81%

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. Goodco is also interested in 100,880,281 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 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. 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). Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 457,330,692 Shares. For the 123,480,281 underlying Shares, of which 100,880,281 are the underlying Shares of 2014CB and 2017CB held by Goodco and the remaining 22,600,000 underlying Shares of the share options granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016.

- (ii) Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits, Goodco, Easyknit, Sea Rejoice and Magical Profits.
- (iii) 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.

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 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;
- (b) the underwriting agreement dated 13 October 2016 entered into between the Company and China Rise Securities Asset Management Limited and Get Nice Securities Limited, as the underwriters, in relation to the underwriting and certain other arrangements in respect of a rights issue of not less than 3,313,504,101 rights shares and not more than 4,434,322,281 rights shares at the subscription price of HK\$0.103 per rights share;
- (c) the subscription agreement dated 1 March 2017 entered into between the Company and Goodco Development Limited, a wholly-owned subsidiary of Easyknit, relating to the issuing of a 3% per annum coupon rate 2017 convertible note for a principal amount of HK\$16,000,000 having conferring rights to convert Shares on the basis of the conversion price of HK\$0.16 per Share till 2022;
- (d) the second deed of amendments dated 1 March 2017 relating to the revision of the terms of 2015 convertible note by revising the conversion price to HK\$0.16 and extend the exercise period to 2022;
- (e) the placing agreement dated 3 July 2017 entered into between the Company and Get Nice Securities Limited, as the placing agent, to place 325,000,000 new shares of the Company at a placing price of HK\$0.08 per share; and
- (f) the subscription agreement dated 7 August 2017 entered into between the Company and Goodco, a wholly-owned subsidiary of Easyknit, relating to the issuing of a 3% per annum coupon rate convertible note for a principal amount of HK\$28,200,000 having conferring rights to convert Shares on the basis of the conversion price of HK\$0.06 per Share till 2020.

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 2017 (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. 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.

8. EXPERTS AND CONSENTS

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

Name	Qualification
Savills Valuation and Professional Services Limited	Independent Professional Valuer
Knight Frank Petty Limited	Independent Professional Valuer
Deloitte Touche Tohmatsu	Certified Public Accountants

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 2017 (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.

9. 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.

10. 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 2015, 2016 and 2017;
- (c) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group regarding the Possible Acquisition as set out in Appendix III to this circular;
- (d) the letter from Deloitte Touche Tohmatsu in respect of the unaudited pro forma financial information of the Group regarding the Possible Disposal as set out in Appendix IV to this circular;
- (e) the valuation report on redevelopment value prepared by Savills Valuation and Professional Services Limited, the text of which is set out in Appendix V to this circular;
- (f) the valuation report on existing use value prepared by Knight Frank Petty Limited, the text of which is set out in Appendix VI to this circular;
- (g) the letters of consent referred to in the paragraph headed "Experts and consents" in this appendix;
- (h) the material contracts referred to the paragraph headed "Material contracts" in this appendix;
- (i) 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
- (j) this circular.

NOTICE OF SPECIAL GENERAL MEETING



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 (“**Meeting**”) of Eminence Enterprise Limited (高山企業有限公司) (“**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 Wednesday, 27 September 2017, at 9:00 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:

- (1) the acquisition by the Company of a property known as ground floor with cockloft of No. 11 Matheson Street, Causeway Bay, Hong Kong (“**Remaining Unit**”) (“**Possible Acquisition**”) at the auction by order of the court of the entire building of Nos. 11 and 13 Matheson Street, Causeway Bay, Hong Kong (“**Matheson Building**”) to be held on 29 September 2017 (“**Auction**”) at a bidding price determined by the board of directors of the Company, as referred to in the circular of the Company dated 12 September 2017, be and is hereby approved; and
- (2) the board of directors of the Company be and are hereby authorized to exercise all the powers of the Company and to do all things and acts and execute all documents (including but not limited to documents under seal) as might in their opinion be necessary, desirable or expedient in connection with the bid for the Matheson Building (including the Remaining Unit) at the Auction and, if the bid is successful, the Possible Acquisition.”

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

Hong Kong, 12 September 2017

NOTICE OF SPECIAL GENERAL MEETING

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Block A, 7th Floor
Hong Kong Spinners Building, Phase 6
481-483 Castle Peak Road
Cheung Sha Wan
Kowloon
Hong Kong

Notes:

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of 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. The register of members will be closed from Friday, 22 September 2017 to Wednesday, 27 September 2017, both days inclusive. During which period, no share transfers of the Company will be registered. In order to qualify to attend and vote at the SGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong. Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Thursday, 21 September 2017.
6. 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.
7. 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.