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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Eminence Enterprise Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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**EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

**MAJOR TRANSACTION –  
PROPOSED ACQUISITION OF PROPERTIES ON  
NOS. 93 AND 95 CATCHICK STREET, HONG KONG  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the Board is set out on pages 4 to 13 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 Monday, 8 June 2020 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 it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and, in such case, the form of proxy shall be deemed to be revoked.

21 May 2020

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*Accompanying Document – Form of Proxy*

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## DEFINITIONS

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

“Acquisition”	the acquisition by the Buyer of the Sale Shares of Nice Able and the assignment of the Shareholder’s Loan from the Seller subject to the terms and conditions of the Agreement for Sale and Purchase
“Agreement for Sale and Purchase”	a conditional sale and purchase agreement dated 6 April 2020 entered into between the Buyer and the Seller in relation to the Acquisition
“Board”	the board of the Directors
“Buyer”	Success Edge Limited, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Catchick Street Properties”	(i) the units on 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong (also known as the Remaining Portion of Section A of Marine Lot No. 245); and  (ii) the units on G/F., 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong (also known as Sub-Section 7 of Section A of Marine Lot No. 245)
“Company”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616)
“connected person”	the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$89,115,992, for the purchase of the Sale Shares of Nice Able and the assignment of the Shareholder’s Loan under the Agreement for Sale and Purchase
“Directors”	the directors of the Company
“Easyknit”	Easyknit International Holdings Limited (Stock Code: 1218), an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of Stock Exchange
“Enlarged Group”	the Group immediately after completion of the Acquisition

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) which, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules)
“Latest Practicable Date”	Tuesday, 19 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“major transaction”	the meaning ascribed thereto in the Listing Rules
“Nice Able”	Nice Able Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Nice Able Completion Date”	20 July 2020, or such other date as the parties to the Agreement for Sale and Purchase may agree in writing
“No. 93 Building”	the building erected on No. 93 Catchick Street, Hong Kong (also known as the Remaining Portion of Section A of Marine Lot No. 245)
“No. 95 Building”	the building erected on No. 95 Catchick Street, Hong Kong (also known as Sub-Section 7 of Section A of Marine Lot No. 245)
“Property Purchase Agreement(s)”	the formal agreement(s) for sale and purchase of the Catchick Street Properties entered into between Nice Able and each of the Property Vendors
“Property Vendors”	the respective vendors of each of the Property Purchase Agreements entered into with Nice Able in relation to the sale and purchase of the respective Catchick Street Properties
“Remaining Unit”	the unit on 2/F., No. 95 Catchick Street, Hong Kong
“Sale Shares of Nice Able”	the entire issued share capital of Nice Able
“Seller”	Ng Kwai Tung, an individual and an Independent Third Party

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Acquisition, the notice of which is set out on pages N-1 to N-2 of this circular
“Shareholder’s Loan”	the shareholder’s loan of HK\$64,115,992 owing by Nice Able to the Seller at the Nice Able Completion Date, which is interest-free and unsecured with no fixed repayment term
“Shareholders”	holder(s) of the Shares
“Shares”	ordinary shares of par value HK\$0.20 each in the share capital of the Company
“Sites”	the combined sites of Nos. 93 and 95 Catchick Street, Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	the meaning ascribed to it in the Listing Rules
“Success Mark”	Success Mark Investments Limited, a company incorporated in Hong Kong with limited liability, the registered and beneficial owner of the Success Mark Property
“Success Mark Property”	the unit on G/F., No. 93 Catchick Street, Hong Kong
“Success Mark Sale Share Agreement”	the formal agreement dated 24 April 2020 entered into between Nice Able and the shareholders of Success Mark for the sale and purchase of the entire issued share capital of and loan to Success Mark, the major terms of which are in line with and have no material difference from the terms in the provisional agreement dated 25 March 2020
“Vigers”	Vigers Appraisal and Consulting Limited, a property valuer and an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

*Executive Directors:*

Mr. Kwong Jimmy Cheung Tim  
*(Chairman and Chief Executive Officer)*  
Ms. Lui Yuk Chu  
*(Deputy Chairman)*

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Mr. Kan Ka Hon  
Mr. Lau Sin Ming  
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

21 May 2020

*To the Shareholders*

Dear Sir or Madam,

**MAJOR TRANSACTION –  
PROPOSED ACQUISITION OF PROPERTIES ON  
NOS. 93 AND 95 CATCHICK STREET, HONG KONG  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the announcement dated 6 April 2020 published by the Company. On 6 April 2020 (after trading hours), the Buyer had entered into the Agreement for Sale and Purchase with the Seller, pursuant to which, amongst other things, the Buyer conditionally agreed to buy and take up, and the Seller conditionally agreed to sell and assign, the Sale Shares of Nice Able and the Shareholder's Loan at the Consideration subject to the terms and conditions of the Agreement for Sale and Purchase.

The purpose of this circular is to provide you with, among other things, further information relating to the Acquisition, and notice of the SGM.

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## LETTER FROM THE BOARD

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### THE AGREEMENT FOR SALE AND PURCHASE

Date: 6 April 2020

Buyer: Success Edge Limited, a wholly-owned subsidiary of the Company

Seller: Ng Kwai Tung, an individual and an Independent Third Party

Consideration: HK\$89,115,992 (Hong Kong Dollars Eighty-Nine Million One Hundred Fifteen Thousand Nine Hundred and Ninety-Two)

### Assets to be Acquired

Pursuant to the Agreement for Sale and Purchase, amongst other things, the Buyer conditionally agreed to purchase the Sale Shares of Nice Able and take up the assignment of the Shareholder's Loan from the Seller.

#### *Nice Able*

Nice Able, a company incorporated in the British Virgin Islands with limited liability, was incorporated on 2 July 2019. Pursuant to the Success Mark Sale Share Agreement, Nice Able is committed to acquire the entire issued share capital of Success Mark (the registered and beneficial owner of the Success Mark Property) and a loan to it and, according to the Property Purchase Agreements, Nice Able is committed to acquire the Catchick Street Properties.

Completion of each of the Success Mark Sale Share Agreement and all of the Property Purchase Agreements is scheduled to take place on or before 22 July 2020. However, in case the grant of probate for the unit of 3/F., No. 95 Catchick Street, Hong Kong cannot be obtained by the relevant Property Vendor(s) on or before 22 July 2020, completion of such Property Purchase Agreement will be postponed to a further date but not later than 31 December 2020. In the event the grant of probate cannot be obtained on 31 December 2020, Nice Able has the right to cancel such Property Purchase Agreement.

Nice Able has no liabilities apart from (i) its Shareholder's Loan (expected to be HK\$64,115,992) owing to the Seller at the Nice Able Completion Date which will be assigned to the Buyer upon completion of the Agreement for Sale and Purchase; and (ii) the aggregate sums of HK\$209,750,000 which remains payable to the shareholders of Success Mark under the Success Mark Sale Share Agreement and to each of the Property Vendors under the Property Purchase Agreements which will become payable by the Buyer upon completion of each of the Success Mark Sale Share Agreement and the Property Purchase Agreements.

As at the date of signing the Agreement for Sale and Purchase (i.e. 6 April 2020), the amount due to the shareholder of Nice Able was HK\$2,949,992. With the payment of further deposits to the shareholders of Success Mark and each of the Property Vendors and stamp duty totalling HK\$61,166,000 by Nice Able, the Shareholder's Loan is expected to be HK\$64,115,992 at the Nice Able Completion Date. The sums (of HK\$209,750,000 in aggregate) remaining payable under the Success Mark Sale Share Agreement and each of the Property Purchase Agreements will be payable in cash on or before 22 July 2020. These will be funded from internal resources of the Group and/or bank facilities.

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## LETTER FROM THE BOARD

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The net asset value of Nice Able is HK\$8 and Nice Able has never recorded net profits (before and after taxation).

### *Information on No. 93 Building, No. 95 Building and the Sites*

No. 93 Building and No. 95 Building were completed in 1962. No. 93 Building is a 6-storey building comprising 5 residential units and 1 retail unit located at No. 93 Catchick Street, Hong Kong (also known as The Remaining Portion of Section A of Marine Lot No. 245). No. 95 Building is a 6-storey building comprising 5 residential units and 1 retail unit located at No. 95 Catchick Street, Hong Kong (also known as Sub-Section 7 of Section A of Marine Lot No. 245). The saleable areas of No. 93 Building and No. 95 Building are approximately 3,333 square feet (with ancillary area of approximately 621 square feet) and approximately 4,015 square feet (with ancillary area of approximately 704 square feet) respectively, totaling approximately 7,348 square feet (with total ancillary areas of approximately 1,325 square feet). The total registered site area of the Sites is approximately 2,182 square feet.

According to the valuation report from Vigers as set out in appendix VI to this circular, as at 3 April 2020, the total market value of the Success Mark Property and the Catchick Street Properties was HK\$124,900,000 and the value of the Sites on a redevelopment basis was HK\$276,000,000, while the site value attributable to the Success Mark Property and the Catchick Street Properties (excluding the Remaining Unit) was HK\$260,000,000.

### *Information on the Success Mark Property and the Catchick Street Properties*

The Success Mark Property is a unit on the ground floor of No. 93 Catchick Street, Hong Kong, representing approximately 16.67% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon.

The saleable area of the Success Mark Property is approximately 593 square feet (with ancillary area of approximately 87 square feet). The registered and beneficial owner of the Success Mark Property is Success Mark. The current usage of the Success Mark Property is commercial.

The Catchick Street Properties contain the following units:

- (i) 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong, representing approximately 83.33% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon; and
- (ii) G/F., 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong, representing approximately 83.33% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as Sub-Section 7 of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon.



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## LETTER FROM THE BOARD

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The total saleable area of the Catchick Street Properties is approximately 6,098 square feet (with ancillary area of approximately 1,238 square feet). The registered and beneficial owners of the Catchick Street Properties are the Property Vendors. The current usage of 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong is residential. The current usage of G/F., No. 95 Catchick Street is commercial while the units on 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong are currently residential.

### **Conditions Precedent**

The completion of the Agreement for Sale and Purchase is conditional upon the fulfilment of the following conditions and all applicable laws on or prior to the Nice Able Completion Date:

- (1) the Agreement for Sale and Purchase and the transactions contemplated thereunder being approved by the Shareholders and all necessary approvals being obtained in compliance with the Listing Rules;
- (2) no event having occurred which in the reasonable opinion of the Buyer could be construed as being capable of preventing completion of the Property Purchase Agreements and/or the Success Mark Sale Share Agreement, or which could frustrate or make illegal or impossible the completion of the Property Purchase Agreements and/or the Success Mark Sale Share Agreement or make any of them unenforceable;
- (3) a due diligence review being carried out on Nice Able by, and having been completed to the satisfaction of, the Buyer in its sole discretion;
- (4) title investigation on the Catchick Street Properties and the Success Mark Property being carried out to the satisfaction of the Buyer; and
- (5) the Seller's solicitors providing at least seven (7) days before the Nice Able Completion Date a title report of the Catchick Street Properties and the Success Mark Property to the Buyer;

and in the event any one or more of these conditions is not fulfilled or waived, all sums paid by the Buyer to the Seller under the Agreement for Sale and Purchase shall be repaid to the Buyer within five (5) business days of the Buyer's request. As at the Latest Practicable Date, only condition (3) above has been satisfied and none of the other conditions above has been waived nor satisfied.

During negotiations between the Seller and the Buyer before entering into the Agreement for Sale and Purchase, the Seller had expressed his funding difficulty in completing the Success Mark Sale Share Agreement and the Property Purchase Agreements and thus refused an escrow arrangement for payments and was not willing to include as a condition precedent to completion of the Agreement for Sale and Purchase before completion of the Success Mark Sale Share Agreement and the Property Purchase Agreements. In view of the Company's perception of the value and redevelopment potential of the Sites in the future, taking into account the terms and conditions of the Agreement for Sale and Purchase and considering that the Buyer has the right to rescind it in various circumstances (before or after completion) under the Agreement for Sale and Purchase, the Board believes that the Acquisition is beneficial to the Company and the Shareholders and accepted the Seller's requests as mentioned above.

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## LETTER FROM THE BOARD

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### *Conditions Precedent of the Success Mark Sale Share Agreement*

For the Success Mark Sale Share Agreement, a formal agreement dated 24 April 2020 has been entered into between Nice Able and the shareholders of Success Mark (the major terms of which are line with and have no material difference from the terms in the provisional agreement dated 25 March 2020). The conditions precedent for such formal agreement are as follows:

- (a) Nice Able having completed its due diligence review on the business, financial and legal aspects of Success Mark and being reasonably satisfied that there is no material breach of any warranties or representations made by the shareholders of Success Mark;
- (b) the shareholders of Success Mark having a good title to the sale shares of Success Mark, free from all encumbrances;
- (c) the shareholders of Success Mark having a good title to the shareholders' loan of Success Mark, free from all encumbrances; and
- (d) the shareholders of Success Mark having procured Success Mark to give and prove that it has a good title to the Success Mark Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) free from all encumbrances.

As at the Latest Practicable Date, none of the above conditions precedent under the Success Mark Sale Share Agreement had been fulfilled or waived as Nice Able is currently carrying out a due diligence and title review which is expected to be completed in early July 2020.

### *Condition Precedent of the Property Purchase Agreements*

For each of the Property Purchase Agreements, a formal agreement dated 8 April 2020 has been entered into between Nice Able and each Property Vendor (the major terms of which are line with and have no material difference from the terms in the provisional agreement dated 25 March 2020), and the condition precedent is that the respective Property Vendor(s) shall have good title in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) in relation to the respective property prior to completion, free from all encumbrances. As at the Latest Practicable Date, the condition precedent had not been fulfilled as Nice Able is currently carrying out a due diligence and title review which is expected to be completed in early July 2020.

### **Consideration**

The Consideration for the Acquisition is HK\$89,115,992, which was paid or is payable by the Buyer to the Seller in the following manner:

- (a) a HK\$30,000,000 deposit was paid on 6 April 2020;
- (b) HK\$41,546,000 being a further deposit was paid on 16 April 2020;
- (c) HK\$10,000,000 being a second further deposit was paid on 22 April 2020;

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## LETTER FROM THE BOARD

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- (d) HK\$5,000,000 being a third further deposit was paid on 29 April 2020; and
- (e) HK\$2,569,992 being the balance of the Consideration is payable by the Buyer to the Seller at the Nice Able Completion Date.

As of the Latest Practicable Date, a total of HK\$86,546,000 of the Consideration has been paid by the Buyer to the Seller and the remaining balance of the Consideration of HK\$2,569,992 will be paid at the Nice Able Completion Date. Sums of HK\$209,750,000 in aggregate remaining payable to the shareholders of Success Mark and each of the Property Vendors shall be paid on or before 22 July 2020 and such payment is a binding commitment of Nice Able. Thus, the aggregate consideration for acquiring the Success Mark Property and the Catchick Street Properties is HK\$298,865,992 (being the aggregate of the Consideration of HK\$89,115,992 and the sums remaining payable under the Success Mark Sale Share Agreement and the Property Purchase Agreements of HK\$209,750,000).

There will be no adjustment to the Consideration but the aggregate consideration for acquiring the Success Mark Property and the Catchick Street Properties if the unit on 3/F., No. 95 Catchick Street, Hong Kong cannot be acquired by Nice Able (as it is under probate). Under the Property Purchase Agreement of 3/F., No. 95 Catchick Street, Hong Kong, the total consideration is HK\$12,000,000 which is the market value of such property. Nice Able has the right to cancel such Property Purchase Agreement if the grant of probate cannot be obtained on or before 31 December 2020, in such case, the Property Vendor(s) thereto shall return to Nice Able all the deposits and amount paid (i.e. HK\$1,200,000). Accordingly, the aggregate consideration for acquiring the Success Mark Property and the Catchick Street Properties will be reduced by HK\$12,000,000 to HK\$286,865,992. The Directors consider that the likelihood of probate not being obtained is low and that even if it is not obtained and the agreement is terminated, the Company will be able to acquire the unit at market price and proceed with the redevelopment, by exercising its rights under the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong).

The Company in acquiring the Sites for redevelopment also expects that there will be stamp duty refundable of approximately HK\$34,137,400 when redevelopment takes place. Nice Able has paid stamp duty of HK\$41,546,000 in aggregate of which approximately HK\$34,137,000 is refundable by the Hong Kong Government in respect of the residential (but not commercial) units on commencement of redevelopment under Sections 29DD and 29DE of the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

The Consideration was determined after arm's length negotiations between the Buyer and the Seller. When determining the Consideration, the Company had taken into account the commitments of Nice Able under the Success Mark Sale Share Agreement and the Property Purchase Agreements, the valuation of the Success Mark Property and the Catchick Street Properties, the ownership of the Success Mark Property and the Catchick Street Properties, the location of the Success Mark Property and the Catchick Street Properties, the Shareholder's Loan, the market price of properties of similar size and usage, the stamp duty refundable, and the redevelopment potential of the Sites. The Group intends to fund the Consideration from internal resources and/or bank facilities. The Company has no current plan to conduct any fund-raising activities to settle the Consideration.

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## LETTER FROM THE BOARD

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Based on the above, the Directors are of the view that the aggregate consideration for acquiring the Success Mark Property and the Catchick Street Properties is fair and reasonable. The Board is also of the view that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole because they were negotiated on arm's length terms and all sums paid by the Buyer before the Nice Able Completion Date must be repaid by the Seller if the conditions precedent are not fulfilled or waived.

### REASONS AND BENEFITS OF THE ACQUISITION

At the time of entering the Agreement for Sale and Purchase, Nice Able had already entered into the Success Mark Sale Share Agreement and the Property Purchase Agreements under which the total purchase cost is HK\$232,320,000, and these agreements are binding contracts for the parties thereto requiring the parties to buy and sell the assets in question. As such the Group acquires the Success Mark Property and the Catchick Street Properties through Nice Able from the Seller, instead of directly from the shareholders of Success Mark and the Property Vendors.

After the Nice Able Completion Date, the Company will own 100% of the issued share capital of Nice Able and Nice Able will become a wholly-owned subsidiary of the Company. The Company plans to seek to acquire the Remaining Unit in order to own the entire No. 95 Building for future redevelopment. If it succeeds in acquiring the whole No. 95 Building, the Company intends to demolish No. 93 Building and No. 95 Building and redevelop the Sites into a commercial and/or residential mixed-use development to maximize the usage of the Sites.

The aggregate acquisition cost for acquiring the Success Mark Property and the Catchick Street Properties by the Company is HK\$298,865,992. It is a normal practice in determining the consideration paid for properties acquired for redevelopment by taking into account the stamp duty refundable. Therefore, by taking into account the stamp duty refundable of HK\$34,137,400, the total purchase cost becomes HK\$264,728,592 (i.e. aggregate acquisition cost of HK\$298,865,992 less the stamp duty refundable of HK\$34,137,400). Despite the total purchase cost is higher than the site value attributable to the Success Mark Property and the Catchick Street Properties as valued by Vigers (i.e. HK\$260,000,000), based on the Board's assessment on the market values of No. 93 Building and No. 95 Building over the past three (3) years which shows an increasing trend, the Board expects such increase will continue in the near future and the Board is of the view that the Acquisition is beneficial to the Company and the Shareholders as a whole.

Taking into account the abovementioned, the Directors are in the view that the Acquisition, the terms and conditions of the Agreement for Sale and Purchase and transactions contemplated thereunder were arrived by the parties thereto after arm's length negotiations, made on normal commercial terms and are fair and reasonable and in the interests of the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE SELLER, NICE ABLE, SUCCESS MARK AND THE PROPERTY VENDORS

The Seller is an individual. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller is an Independent Third Party.

Nice Able is a company incorporated in the British Virgin Islands with limited liability. The principal business of Nice Able is property holding. The Seller is the ultimate beneficial owner of Nice Able.

Success Mark is a company incorporated in Hong Kong with limited liability. The principal business of Success Mark is property holding. The registered shareholders of Success Mark are Lai Shu Yan Anthony Derek and Kingdom (Hong Kong) Limited. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owners of Kingdom (Hong Kong) Limited are Fu Chong Lap Hoi Katy (deceased) and Fu Hau Fai Benjamin, and are Independent Third Parties. The principal business of Kingdom (Hong Kong) Limited is investment holding.

According to public records, First Resources International Limited, one of the Property Vendors, is a company incorporated in Hong Kong with limited liability. The ultimate beneficial owners of First Resources International Limited are Ip Wai Chun, Wong Kit Man and Wong Yuen Man Beatrice, and are Independent Third Parties. The principal business of First Resources International Limited is unknown to the Company. The other Property Vendors appear to be individuals unknown to the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Nice Able, Success Mark, the Property Vendors and their respective ultimate beneficial owners (where applicable) are Independent Third Parties.

### INFORMATION ON THE BUYER, THE COMPANY AND THE GROUP

The Buyer, a wholly-owned subsidiary of the Company, is a company incorporated in the British Virgin Islands with limited liability. The Buyer is principally engaged in the property development and investment businesses.

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 616). The Group is principally engaged in the property investment, property development, securities investment and loan financing businesses.

### FINANCIAL EFFECTS OF THE ACQUISITION

#### Earnings

Based on note 5 to the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in appendix III to this circular, the effect of the Acquisition is that profit would be decreased by approximately HK\$815,000 which is the estimated transaction costs for the Acquisition.

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## LETTER FROM THE BOARD

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### **Assets and Liabilities**

Based on the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in appendix III to this circular, the effect of the Acquisition is that (i) trade and other receivables would be increased by approximately HK\$34,137,000; (ii) bank balances and cash would be decreased by approximately HK\$89,931,000; and (iii) deposits paid for acquisition of properties held for development for sale increased by approximately HK\$55,794,000. There will be no change in investment properties nor tax payable.

Further information on the financial effects of the Acquisition on the Group is found in appendix III to this circular.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **GENERAL**

The SGM will be convened and held to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder.

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

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 8 June 2020 at 9:00 a.m. is set out on pages N-1 to N-2 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not Shareholders are able to attend and vote at the SGM, they are requested to read the notice and to complete and sign 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 54, 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 holding the SGM. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the SGM or any adjournment thereof should they so wish and, in such event, the proxy form shall be deemed to be revoked.

The resolution put to the SGM will be voted on by way of poll.

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## LETTER FROM THE BOARD

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### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining Shareholders' eligibility to attend and vote at the SGM, the register of members will be closed from Wednesday, 3 June 2020 to Monday, 8 June 2020, both dates inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the SGM, all transfers of Shares forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 2 June 2020.

### **RECOMMENDATION**

The Board is of the opinion that Acquisition is fair and reasonable and in the best interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Acquisition and the transactions contemplated thereunder.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the notice of the SGM and 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

Further information about the Group is disclosed in the last three (3) published annual reports and the most recent interim report, copies of which can be located at the hyperlinks below:

<b>For the six months ended</b>	<b>Hyperlink</b>	<b>Principal relevant pages</b>
30 September 2019	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1212/2019121200506.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1212/2019121200506.pdf</a>	43-140
<b>For the year ended</b>	<b>Hyperlink</b>	<b>Principal relevant pages</b>
31 March 2019	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ltn20190620297.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0620/ltn20190620297.pdf</a>	67-189
31 March 2018	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/ltn20180622291.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0622/ltn20180622291.pdf</a>	51-149
31 March 2017	<a href="https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0615/ltn20170615234.pdf">https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0615/ltn20170615234.pdf</a>	74-193

## 2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account its available financial resources, in the absence of unforeseen circumstances, the Group has sufficient working capital for its requirements for the next twelve (12) months from the date of this circular.

## 3. INDEBTEDNESS

### (a) Borrowings

As at the close of business of 31 March 2020, being the latest practicable date for the purpose of determining the indebtedness of the Group prior to the printing of this circular, the Group had outstanding bank borrowings of approximately HK\$1,422,462,000, which were secured by charges over the Group's properties with an aggregate net book value of approximately HK\$925,149,000 (investment properties) and approximately HK\$2,450,345,000 (properties held for development for sale) respectively and all bank borrowings were guaranteed by the Company.



**(b) Convertible Notes**

Below are the key terms of the convertible notes of the Group as at the Latest Practicable Date, all of which are unguaranteed and unsecured.

***2015CB***

The Company on 26 May 2015 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Madian Star Limited in the principal amount of HK\$86,000,000, conferring rights to convert at any time before 12 June 2022 the principal amount into the Shares at conversion price which is at present of HK\$0.9855 per Share (after adjustment). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$40,400,000.

***2017CB1***

The Company on 1 March 2017 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco Development Limited in the principal amount of HK\$16,000,000, conferring rights to convert at any time before 11 May 2022 the principal amount into the Shares at conversion price which is at present of HK\$2.6279 per Share (after adjustment). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$16,000,000.

***2017CB2***

The Company on 7 August 2017 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco Development Limited in the principal amount of HK\$28,200,000, conferring rights to convert at any time before 26 September 2020 the principal amount into the Shares at conversion price which is at present of HK\$0.9855 per Share (after adjustment). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$11,280,000.

***2019CB***

The Company on 17 June 2019 entered into a subscription agreement in relation to the issue of a 3% per annum coupon rate convertible note to Goodco Development Limited in the principal amount of HK\$70,000,000, conferring rights to convert at any time before 28 August 2024 the principal amount into the Shares at conversion price which is at present of HK\$0.91 per Share (after adjustment). The outstanding amount of that convertible note as at the Latest Practicable Date was HK\$70,000,000.

Apart from as disclosed above and intra-group liabilities, the Group did not have any debt securities authorised or created but 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 as at the close of business on 31 March 2020.

**4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

As mentioned in the annual report of the Company for the year ended 31 March 2019, the Group will continue focusing its efforts in the development of its existing principal businesses: property development, property investment, securities investment, loan financing business and other potential projects with a view to providing steady returns for the Shareholders and bring increased growth to the Group.

Despite the uncertainties on global economic outlook caused by the softening global economic growth and the outbreak of coronavirus disease (COVID-19), the Group is prudently optimistic about the prospects of the property and securities market in Hong Kong and believes these markets will continue to grow over the longer term.

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

**5. MATERIAL ADVERSE CHANGE**

The Directors confirm that, as at the Latest Practicable Date, subject to COVID-19 and other unpredictable circumstances, there has been no material adverse change in the financial or trading position or outlook of the Group since 31 March 2019, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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*The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular:*



21 May 2020

### ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF NICE ABLE HOLDINGS LIMITED TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED

#### Introduction

We report on the historical financial information of Nice Able Holdings Limited (“**Nice Able**”) set out on pages II-4 to II-15, which comprises the statement of financial position of Nice Able as at 6 April 2020 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 2 July 2019 (date of incorporation) to 6 April 2020 (the “**Relevant Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 21 May 2020 in connection with the proposed acquisition of the entire equity interests in Nice Able by the Company.

#### Sole Director’s Responsibility for the Historical Financial Information

The sole director of Nice Able is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal controls as the sole director determines are necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Reporting Accountants’ Responsibility

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

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## **APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK**

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the sole director, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Nice Able's financial position as at 6 April 2020 and of Nice Able's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2 to the Historical Financial Information which mentions that as at 6 April 2020 Nice Able had net current liabilities of HK\$2,949,992. This condition indicates a material uncertainty which may cast significant doubt on Nice Able's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Report on Matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

#### *Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-8 have been made.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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*No Historical Financial Information for Nice Able*

As at the date of this report, no statutory financial statements have been prepared for Nice Able since its date of incorporation.

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Pang Hon Chung**

*Audit Engagement Director*

Practising Certificate Number P05988

Hong Kong, 21 May 2020

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
*FOR THE PERIOD FROM 2 JULY 2019*  
*(DATE OF INCORPORATION) TO 6 APRIL 2020*

	<i>Notes</i>	<i>HK\$</i>
<b>REVENUE</b>	7	–
Administrative and other operating expenses		– <hr/>
<b>Loss before tax</b>		–
Income tax expense	8	– <hr/>
<b>LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	9	– <hr/> <hr/>

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### STATEMENT OF FINANCIAL POSITION

AT 6 APRIL 2020

	<i>Notes</i>	<i>HK\$</i>
<b>NON-CURRENT ASSETS</b>		
Deposits paid for acquisition of investment properties		950,000
Deposits paid for investment		<u>2,000,000</u>
		<u>2,950,000</u>
<b>CURRENT LIABILITY</b>		
Amount due to the shareholder	<i>11</i>	<u>(2,949,992)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,949,992)</u>
<b>NET ASSETS</b>		<u><u>8</u></u>
<b>CAPITAL AND RESERVE</b>		
Share capital	<i>12</i>	8
Reserves		<u>–</u>
<b>TOTAL EQUITY</b>		<u><u>8</u></u>

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 2 JULY 2019 (DATE OF INCORPORATION) TO 6 APRIL 2020

	Share capital HK\$	Accumulated losses HK\$	Total HK\$
At 2 July 2019 (date of incorporation)	–	–	–
Issue of share capital	8	–	8
Loss and total comprehensive loss for the period	–	–	–
	<hr/>	<hr/>	<hr/>
At 6 April 2020	<u>8</u>	<u>–</u>	<u>8</u>



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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### STATEMENT OF CASH FLOWS

FOR THE PERIOD FROM 2 JULY 2019

(DATE OF INCORPORATION) TO 6 APRIL 2020

HK\$

#### CASH FLOWS FROM OPERATING ACTIVITIES

Loss before tax —

**Net cash generated from operating activities** —

#### CASH FLOWS FROM INVESTING ACTIVITIES

Deposits paid for acquisition of investment properties (950,000)

Deposits paid for investment (2,000,000)

**Net cash used in investing activities** (2,950,000)

#### CASH FLOWS FROM FINANCING ACTIVITIES

Advance from the shareholder 2,949,992

Proceeds from issue of share 8

**Net cash generated from financing activities** 2,950,000

**NET INCREASE IN CASH AND CASH EQUIVALENTS** —

**CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD** —

**CASH AND CASH EQUIVALENTS AT END OF THE PERIOD** —

#### ANALYSIS OF CASH AND CASH EQUIVALENTS

Bank balances and cash —

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# APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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## NOTES TO HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Nice Able was incorporated in British Virgin Islands with limited liability. Its registered office and principal place of business is at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

Nice Able is engaged in investment holding during the Relevant Period.

### 2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

As at 6 April 2020 Nice Able had net current liabilities of HK\$2,949,992. This condition indicates the existence of a material uncertainty which may cast significant doubt on Nice Able's ability to continue as a going concern. Therefore, Nice Able may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of Nice Able. The controlling shareholder has agreed to provide adequate funds for Nice Able to meet its liabilities as they fall due. The sole director is therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should Nice Able be unable to continue as a going concern, adjustments would have to be made to the Historical Financial Information to adjust the value of Nice Able's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, Nice Able has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting periods beginning on or after 2 July 2019. HKFRSs comprise HKFRS; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to Nice Able's accounting policies, presentation of the Historical Financial Information and amounts reported for the current period.

Nice Able has not applied the new and revised HKFRSs that have been issued but are not yet effective. Nice Able has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared under the historical cost convention. The Historical Financial Information is presented in Hong Kong dollars ("HK\$") which is Nice Able's functional and presentation currency.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the sole director to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in note 5 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

#### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when Nice Able becomes a party to the contractual provisions of the instruments.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; Nice Able transfers substantially all the risks and rewards of ownership of the assets; or Nice Able neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of Nice Able are classified under financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

### Loss allowances for expected credit losses

Nice Able recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, Nice Able measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, Nice Able measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of Nice Able's cash management are also included as a component of cash and cash equivalents.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of Nice Able after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### Other payables

Other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Equity instruments

Equity instruments issued by Nice Able are recorded at the proceeds received, net of direct issue costs.

### Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Nice Able's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Nice Able intends to settle its current tax assets and liabilities on a net basis.

### Related parties

A related party is a person or entity that is related to Nice Able.

- (A) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, Nice Able; has an interest in Nice Able that gives it significant influence over Nice Able; or has joint control over Nice Able;
  - (i) has control or joint control over Nice Able;
  - (ii) has significant influence over Nice Able;
  - (iii) is a member of the key management personnel of Nice Able or of a parent of Nice Able.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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- (B) An entity is related to Nice Able if any of the following conditions applies:
- (i) The entity and Nice Able are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either Nice Able or an entity related to Nice Able. If Nice Able is itself such a plan, the sponsoring employers are also related to Nice Able.
  - (vi) The entity is controlled or jointly controlled by a person identified in (A).
  - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Nice Able or to a parent of Nice Able.

### **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when Nice Able has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### **Events after the reporting period**

Events after the reporting period that provide additional information about Nice Able's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

## **5. CRITICAL JUDGEMENTS**

### **Critical judgements in applying accounting policies**

In the process of applying the accounting policies, the sole director has made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information.

#### *Going concern basis*

The Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of Nice Able.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### 6. FINANCIAL RISK MANAGEMENT

Nice Able's activities expose it to a variety of financial risks: foreign currency risk, credit risk and liquidity risk. Nice Able's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Nice Able's financial performance.

#### Foreign currency risk

Nice Able has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HKD. Nice Able currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Nice Able will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

#### Credit risk

The carrying amount of deposits paid for acquisition of investment properties and deposits paid for investment included in the statement of financial position represents Nice Able's maximum exposure to credit risk in relation to Nice Able's financial assets.

Nice Able has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Nice Able considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

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

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with Nice Able. Nice Able normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, Nice Able, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

#### Liquidity risk

Nice Able's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of Nice Able's financial liabilities are due within one year.

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### Categories of financial instruments

HK\$

#### Financial assets:

Financial assets at amortised cost (including cash and cash equivalents) 2,950,000

#### Financial liabilities:

Financial liabilities at amortised cost 2,949,992

#### Fair values

The carrying amounts of Nice Able's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

### 7. REVENUE

Nice Able did not generate any revenue during the Relevant Period.

### 8. INCOME TAX EXPENSE

No provision for taxation has been made since Nice Able has not generated any assessable profits during the Relevant Period.

### 9. LOSS FOR THE PERIOD

Nice Able's loss for the period is stated after charging the following:

HK\$

Director's emoluments

– As director –  
– For management –

Staff costs including director's emoluments

Salaries, bonus and allowances –  
Retirement benefits scheme contributions –

### 10. DIVIDENDS

The sole director of Nice Able does not recommend the payment of any dividend for the Relevant Period.

### 11. AMOUNT DUE TO THE SHAREHOLDER

The advance is unsecured, non-interest bearing and repayable on demand.

# APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

## 12. SHARE CAPITAL

*HK\$*

Issued and fully paid:	
One ordinary share at US\$1.00 each	8

On 2 July 2019, Nice Able issued one ordinary share at US\$1.00 per share for cash fully paid totalling US\$1 to provide additional working capital.

Nice Able’s objectives when managing capital are to safeguard Nice Able’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, Nice Able may return capital to the shareholder, issue new shares or sell assets to reduce debt.

## 13. NOTES TO THE STATEMENT OF CASH FLOWS

### Changes in liabilities arising from financing activities

The following table shows Nice Able’s changes in liabilities arising from financing activities during the Relevant Period:

	<b>Amount due to the shareholder</b> <i>HK\$</i>
At 2 July 2019 (date of incorporation)	–
Changes in cash flows	2,949,992
At 6 April 2020	2,949,992

## 14. CAPITAL COMMITMENTS

Nice Able’s capital commitments at the end of the Relevant Period are as follows:

*HK\$*

Investment ( <i>note (a)</i> )	
Contracted but not provided for	56,000,000
Investment properties ( <i>note (b)</i> )	
Contracted but not provided for	173,370,000
	229,370,000

*Note:*

- (a) During the Relevant Period, on 25 March 2020 (the “**Date of the Success Mark Sale Share Agreement**”), Nice Able entered into a provisional agreement for the sale and purchase of the entire issued share capital and loan to Success Mark Investments Limited (“**Success Mark**”, a company incorporated in the Hong Kong with limited liability) at a total cash consideration of HK\$58,000,000 subject to adjustment (the “**Success Mark Sale Share Agreement**”). Pursuant to the Success Mark Sale Share Agreement, Nice Able is committed to buy Success Mark.



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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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Success Mark is the registered and legal owner of the unit on G/F., No. 93 Catchick Street, Hong Kong (also known as the Remaining Portion of Section A of Marine Lot No. 245) (the “**Success Mark Property**”). At the time of signing the Success Mark Sale Share Agreement, there was one tenancy agreement in force for the Success Mark Property.

Up to 6 April 2020, Nice Able has paid HK\$2,000,000 as an initial deposit under the Success Mark Sale Share Agreement (representing approximately 3.45% of the total consideration under the Success Mark Sale Share Agreement). Details of the subsequent settlements of the balance payment are detailed in note 16 on the Historical Financial Information.

- (b) During the Relevant Period, Nice Able entered into 10 provisional agreements for the sale and purchase (altogether the “**Property Purchase Agreements**”) of the following properties (“**Properties**”) situated at No. 93 and 95 Catchick Street, Hong Kong at a total cash consideration of HK\$174,320,000.
- (i) 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong; and
- (ii) G/F., 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong (also known as Sub-Section 7 of Section A of Marine Lot No. 245).

At the time of signing of the Property Purchase Agreements, there were 5 tenancy agreements in force for:

- (i) 1/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong; and
- (ii) G/F., No. 95 Catchick Street, Hong Kong.

Up to 6 April 2020, Nice Able has paid initial deposits of HK\$950,000 under the Property Purchase Agreements (representing approximately 0.54% of the total consideration under all the Property Purchase Agreements) to the property vendors. Details of the subsequent settlements of the balance payment are detailed in note 16 on the Historical Financial Information.

According to the Property Purchase Agreements, Nice Able is not required to pay any commission fee to the property agents.

### 15. RELATED PARTY TRANSACTIONS

Other than as disclosed transaction and balance elsewhere in note 11 to the Historical Financial Information, during the Relevant Period, Nice Able had no other related party transaction.

### 16. EVENTS AFTER THE REPORTING PERIOD

- (a) No audited financial statements have been prepared by Nice Able in respect of any period subsequent to 6 April 2020.
- (b) The sole member of Nice Able entered into an agreement with Success Edge Limited (“**Buyer**”, a company incorporated with limited liability in the British Virgin Islands and a wholly-owned subsidiary of the Company) on 6 April 2020, pursuant to which amongst other things and as part of the agreement, to sell his entire shareholding and the shareholder loan in Nice Able to Buyer at total cash consideration of HK\$89,115,992, subject to adjustment. The transaction is expected to be completed on 20 July 2020 or such other date as the parties may agree in writing.
- (c) Subsequent to the end of the reporting period, a further deposit of HK\$3,800,000 was paid on 8 April 2020. The total deposits of HK\$5,800,000 was paid under the Success Mark Property Agreement (representing approximately 10.00% of the total consideration under all the Success Mark Property Agreement). The remaining balance of HK\$52,200,000 will be settled on the completion date of the Success Mark Property Agreement.
- (d) Subsequent to the end of the reporting period, a further deposits of HK\$15,820,000 was paid on 8 April 2020. The total deposits of HK\$16,770,000 was paid under the Property Purchase Agreements (representing approximately 9.62% of the total consideration under all the Property Purchase Agreements) to the property vendors. Stamp duty of HK\$20,886,000 and HK\$20,660,000 was paid on 20 April 2020 and 21 April 2020, respectively. Upon completion of the Property Purchase Agreements, Nice Able will have to pay the balance of the consideration in the sum of HK\$157,550,000 to the property vendors.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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*The following is the text of a report received from the independent reporting accountants, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular:*



21 May 2020

### ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF SUCCESS MARK INVESTMENTS LIMITED TO THE DIRECTORS OF EMINENCE ENTERPRISE LIMITED

#### Introduction

We report on the historical financial information of Success Mark Investments Limited (“**Success Mark**”) set out on pages II-18 to II-34, which comprises the statements of financial position of Success Mark as at 31 March 2018, 2019 and 2020 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for each of the three years ended 31 March 2018, 2019 and 2020 (the “**Relevant Periods**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the circular of the Company dated 21 May 2020 in connection with the proposed acquisition of the entire equity interests in Nice Able by the Company.

#### Director’s responsibility for the Historical Financial Information

The directors of Success Mark are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

#### Reporting accountants’ responsibility

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

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

### **Opinion**

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Success Mark's financial position as at 31 March 2018, 2019 and 2020 and of Success Mark's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

### **Material Uncertainty Related to Going Concern**

We draw attention to note 2 to the Historical Financial Information which mentions that as at 31 March 2018, 2019 and 2020 Success Mark had net current liabilities of HK\$13,035,273, HK\$12,587,161 and HK\$12,002,613, respectively. These conditions indicate a material uncertainty which may cast significant doubt on Success Mark's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited**

#### *Adjustments*

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on pages II-18 and II-23 have been made.

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

**Pang Hon Chung**

*Audit Engagement Director*

Practising Certificate Number P05988

Hong Kong, 21 May 2020

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### HISTORICAL FINANCIAL INFORMATION OF SUCCESS MARK

#### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

Success Mark Investments Limited ("**Success Mark**") was incorporated on 26 October 2010 in Hong Kong with limited liability and is engaged in property investment.

Success Mark has adopted 31 March as the financial year end date.

The statutory financial statements of Success Mark for each of the two years ended 31 March 2018 and 2019 have been prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard issued by the HKICPA and have been properly prepared in compliance with the Hong Kong Companies Ordinance. The statutory financial statements of Success Mark for the years ended 31 March 2018 and 2019 were audited by KCG & Co. Certified Public Accountants, certified public accountants registered in Hong Kong.

The directors of Success Mark have prepared the financial statements of Success Mark for the Relevant Periods in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA (the "**Underlying Financial Statements**"). We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**").

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE YEARS ENDED 31 MARCH 2020

	<i>Notes</i>	<b>Year ended 31 March</b>		
		<b>2018</b>	<b>2019</b>	<b>2020</b>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>REVENUE</b>	8	660,000	715,000	720,000
Other income		43	253	810
Fair value gain/(loss) on investment property	13	2,500,000	(1,400,000)	(3,200,000)
Administrative and other operating expenses		(14,053)	(154,556)	(17,499)
Finance costs	9	(89,898)	(94,205)	(88,115)
<b>Profit/(loss) before tax</b>		3,056,092	(933,508)	(2,584,804)
Income tax expense	10	(61,545)	(18,380)	(30,648)
<b>PROFIT/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>	11	<u>2,994,547</u>	<u>(951,888)</u>	<u>(2,615,452)</u>

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2020

		<b>At 31 March</b>		
	<i>Notes</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>
		<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>NON-CURRENT ASSET</b>				
Investment property	13	36,600,000	35,200,000	32,000,000
<b>CURRENT ASSETS</b>				
Other receivables		–	600	600
Amount due from a director	14	1,226	2,976	–
Tax recoverable		31,335	27,392	–
Bank balances and cash		537,073	724,000	1,061,419
		<u>569,634</u>	<u>754,968</u>	<u>1,062,019</u>
<b>CURRENT LIABILITY</b>				
Accruals and other payables	15	172,500	187,500	187,500
Secured bank borrowing	16	3,032,407	2,754,629	2,476,852
Tax payable		–	–	3,256
Amounts due to shareholders	17	5,200,000	5,200,000	10,397,024
Amount due to a related company	17	5,200,000	5,200,000	–
		<u>13,604,907</u>	<u>13,342,129</u>	<u>13,064,632</u>
<b>NET CURRENT LIABILITIES</b>		<u>(13,035,273)</u>	<u>(12,587,161)</u>	<u>(12,002,613)</u>
<b>NET ASSETS</b>		<u>23,564,727</u>	<u>22,612,839</u>	<u>19,997,387</u>
<b>CAPITAL AND RESERVE</b>				
Share capital	18	100	100	100
Reserves		23,564,627	22,612,739	19,997,287
<b>TOTAL EQUITY</b>		<u>23,564,727</u>	<u>22,612,839</u>	<u>19,997,387</u>

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### STATEMENTS OF CHANGES IN EQUITY FOR THE THREE YEARS ENDED 31 MARCH 2020

	<b>Share capital</b> <i>HK\$</i>	<b>Retained earnings</b> <i>HK\$</i>	<b>Total</b> <i>HK\$</i>
At 1 April 2017	100	20,570,080	20,570,180
Profit and total comprehensive income for the year	—	2,994,547	2,994,547
At 31 March 2018 and 1 April 2018	100	23,564,627	23,564,727
Loss and total comprehensive loss for the year	—	(951,888)	(951,888)
At 31 March 2019 and 1 April 2019	100	22,612,739	22,612,839
Loss and total comprehensive loss for the year	—	(2,615,452)	(2,615,452)
At 31 March 2020	<u>100</u>	<u>19,997,287</u>	<u>19,997,387</u>

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### STATEMENTS OF CASH FLOWS

FOR THE THREE YEARS ENDED 31 MARCH 2020

	Year ended 31 March		
	2018 HK\$	2019 HK\$	2020 HK\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax	3,056,092	(933,508)	(2,584,804)
Adjustments for:			
Finance costs	89,898	94,205	88,115
Interest income	(43)	(253)	(810)
Fair value (gain)/loss on investment property	(2,500,000)	1,400,000	3,200,000
Operating cash flows before working capital changes	645,947	560,444	702,501
Change in amount due from a director	(3,000)	(1,750)	2,976
Change in due from a related company	–	–	(5,200,000)
Change in other receivables	–	(600)	–
Change in accruals and other payables	–	15,000	–
Change in amounts due to shareholders	–	–	5,197,024
Cash generated from operations	642,947	573,094	702,501
Tax paid	(112,111)	(14,437)	–
<b>Net cash generated from operating activities</b>	<b>530,836</b>	<b>558,657</b>	<b>702,501</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	43	253	810
<b>Net cash generated from investing activities</b>	<b>43</b>	<b>253</b>	<b>810</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	(89,898)	(94,205)	(88,115)
Repayment of secured bank borrowing	(277,778)	(277,778)	(277,777)
<b>Net cash used in financing activities</b>	<b>(367,676)</b>	<b>(371,983)</b>	<b>(365,892)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>163,203</b>	<b>186,927</b>	<b>337,419</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>373,870</b>	<b>537,073</b>	<b>724,000</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>537,073</b>	<b>724,000</b>	<b>1,061,419</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash	537,073	724,000	1,061,419



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# APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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## NOTES TO HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Success Mark was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. Its registered office and principal place of business is at Unit 606, 6th Floor, Alliance Building, 133 Connaught Road Central, Hong Kong.

During the Relevant Periods, the principal activity of Success Mark was property holding in Hong Kong, and the property owned by Success Mark is located at G/F., No. 93 Catchick Street, Hong Kong.

### 2. BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

As at 31 March 2018, 2019 and 2020 Success Mark had net current liabilities of HK\$13,035,273, HK\$12,587,161 and HK\$12,002,613, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on Success Mark's ability to continue as a going concern. Therefore, Success Mark may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Historical Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder, at a level sufficient to finance the working capital requirements of Success Mark. The controlling shareholder has agreed to provide adequate funds for Success Mark to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should Success Mark be unable to continue as a going concern, adjustments would have to be made to the Historical Financial Information to adjust the value of Success Mark's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

The Historical Financial Information has been prepared in accordance with the accounting policies set out in note 4 below which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

### 3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, Success Mark has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting periods beginning on or after 1 April 2019. HKFRSs comprise HKFRS; Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to Success Mark's accounting policies, presentation of the Historical Financial Information and amounts reported for the current period.

Success Mark has not applied the new and revised HKFRSs that have been issued but are not yet effective. Success Mark has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of investment property which are carried at their fair values and assets classified as held for sales which are carried at their fair values less costs to sell. The Historical Financial Information is presented in HK\$ which is Success Mark's functional and presentation currency.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to the Historical Financial Information, are disclosed in note 5 to the Historical Financial Information.

The significant accounting policies applied in the preparation of the Historical Financial Information are set out below.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### **Investment Property**

Investment property is land and buildings held to earn rentals or for capital appreciation. An investment property (including property that is being constructed or developed for future use as investment property) is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

If an investment property becomes owner-occupied or a property held for sale, it is reclassified as property, plant and equipment or properties held for sale as appropriate, and its fair value at the date of reclassification becomes its cost for accounting purposes.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

### **Leases**

#### ***Success Mark as lessor***

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straightline basis over the term of the relevant lease.

### **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the statement of financial position when the Success Mark becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; Success Mark transfers substantially all the risks and rewards of ownership of the assets; or Success Mark neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

### **Financial assets**

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of Success Mark are classified under financial assets at amortised cost.

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

### **Loss allowances for expected credit losses**

Success Mark recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, Success Mark measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“**lifetime expected credit losses**”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, Success Mark measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

### **Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of Success Mark’s cash management are also included as a component of cash and cash equivalents.

### **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of Success Mark after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Success Mark has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### **Other payables**

Other payables are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### **Equity instruments**

Equity instruments issued by Success Mark are recorded at the proceeds received, net of direct issue costs.

### **Other revenue**

Interest income is recognised using the effective interest method.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of Success Mark that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the Relevant Period. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Success Mark's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Success Mark intends to settle its current tax assets and liabilities on a net basis.

### **Related parties**

A related party is a person or entity that is related to Success Mark.

- (A) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, Success Mark; has an interest in Success Mark that gives it significant influence over Success Mark; or has joint control over Success Mark;
  - (i) has control or joint control over Success Mark;
  - (ii) has significant influence over Success Mark;
  - (iii) is a member of the key management personnel of Success Mark or of a parent of Success Mark.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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- (B) An entity is related to Success Mark if any of the following conditions applies:
- (i) The entity and Success Mark are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either Success Mark or an entity related to Success Mark. If Success Mark is itself such a plan, the sponsoring employers are also related to Success Mark.
  - (vi) The entity is controlled or jointly controlled by a person identified in (A).
  - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to Success Mark or to a parent of Success Mark.

### **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when Success Mark has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### **Events after the reporting period**

Events after the reporting period that provide additional information about Success Mark's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Historical Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Historical Financial Information when material.

## **5. CRITICAL JUDGEMENTS AND KEY ESTIMATES**

### **Critical judgements in applying accounting policies**

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the Historical Financial Information.

#### *Going concern basis*

The Historical Financial Information have been prepared on a going concern basis, the validity of which depends upon the financial support of the controlling shareholder at a level sufficient to finance the working capital requirements of Success Mark.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### **Key sources of estimation uncertainty**

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

### ***Fair values of investment property***

Success Mark appointed an independent professional valuer to assess the fair values of the investment properties. In determining the fair values, the valuer has utilised a method of valuation which involves certain estimates. The directors have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Further details are given in note 7 and 13 to the Historical Financial Information.

## **6. FINANCIAL RISK MANAGEMENT**

Success Mark's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. Success Mark's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Success Mark's financial performance.

### **Foreign currency risk**

Success Mark has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$. Success Mark currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. Success Mark will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### **Credit risk**

The carrying amount of bank balances and cash, other receivables and amount due from a director included in the statement of financial position represents Success Mark's maximum exposure to credit risk in relation to Success Mark's financial assets.

The credit risk on bank balances and cash is limited because the counterparties are banks with high credit-ratings.

Success Mark has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Success Mark considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

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

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due.

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with Success Mark. Success Mark normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where loans or receivables have been written off, Success Mark, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

### Liquidity risk

Success Mark's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. All of Success Mark's financial liabilities are due within one year.

### Interest rate risk

Success Mark's exposure to interest-rate risk arises from its secured bank borrowing. The secured bank borrowing bear interests at variable rates varied with the then prevailing market condition.

Success Mark currently does not use any derivative contracts to hedge its exposure to interest rate risk. Management monitors interest rate fluctuations to ensure that exposure to interest rate risk is within an acceptable level and will consider hedging significant interest rate exposure should the need arises.

At 31 March 2018, 2019 and 2020, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, Success Mark's post-tax profit for the years ended 31 March 2018, 2019 and 2020 would have been approximately HK\$30,324, HK\$28,546 and HK\$24,769 lower/higher, respectively.

### Categories of financial instruments

		At 31 March	
	2018	2019	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Financial assets:</b>			
Financial assets at amortised cost (including cash and cash equivalents)	538,299	727,576	1,062,019
<b>Financial liabilities:</b>			
Financial liabilities at amortised cost	13,604,907	13,342,129	13,061,376

### Fair values

The carrying amounts of Success Mark's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

## 7. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

Success Mark's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### Disclosures of level in fair value hierarchy at 31 March:

	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Recurring fair value measurements:</b>				
Investment property				
Commercial – Hong Kong	–	32,000,000	–	32,000,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2019
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Recurring fair value measurements:</b>				
Investment property				
Commercial – Hong Kong	–	35,200,000	–	35,200,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

	Fair value measurements using:			Total
	Level 1	Level 2	Level 3	2018
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
<b>Recurring fair value measurements:</b>				
Investment property				
Commercial – Hong Kong	–	36,600,000	–	36,600,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

During the years ended 31 March 2018, 2019 and 2020, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3. Success Mark's policy is to recognise transfer between levels of fair value hierarchy as at the end of the Relevant Periods in which they occur.

### 8. REVENUE

	Year ended 31 March		
	2018	2019	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Rental income	660,000	715,000	720,000
	<u>          </u>	<u>          </u>	<u>          </u>

### 9. FINANCE COSTS

	Year ended 31 March		
	2018	2019	2020
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Interest on secured bank borrowing	89,898	94,205	88,115
	<u>          </u>	<u>          </u>	<u>          </u>



## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### 10. INCOME TAX EXPENSE

	Year ended 31 March		
	2018	2019	2020
	HK\$	HK\$	HK\$
Current tax –			
Hong Kong Profits Tax:			
Provision for the year	61,545	18,380	30,648
	61,545	18,380	30,648

Hong Kong profits tax is calculated at 16.5%, 8.25% and 8.25% of the estimated assessable profits for the years ended 31 March 2018, 2019 and 2020, respectively.

The reconciliation between the income tax expense and profit before income tax is as follows:

	Year ended 31 March		
	2018	2019	2020
	HK\$	HK\$	HK\$
Profit/(loss) before tax	3,056,092	(933,508)	(2,584,804)
Tax at the domestic income tax rate of 8.25% (2019: 8.25%; 2018: 16.5%)	504,255	(77,014)	(213,246)
Tax effect of income that is not taxable	(412,500)	–	–
Tax effect of expenses that are not deductible	–	115,500	264,000
Tax effect of temporary differences not recognised	(210)	(106)	(106)
Tax concessions	(30,000)	(20,000)	(20,000)
	61,545	18,380	30,648

### 11. PROFIT/(LOSS) FOR THE YEAR

Success Mark's profit/(loss) for the year is stated after charging the following:

	Year ended 31 March		
	2018	2019	2020
	HK\$	HK\$	HK\$
Director's emoluments			
– As director	–	–	–
– For management	–	–	–
	–	–	–
Auditor's remuneration	7,500	7,500	7,500
Staff costs including director's emoluments			
Salaries, bonus and allowances	–	–	–
Retirement benefits scheme contributions	–	–	–
	7,500	7,500	7,500

### 12. DIVIDENDS

The directors of Success Mark do not recommend the payment of any dividend for the Relevant Periods.

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### 13. INVESTMENT PROPERTY

	2018 <i>HK\$</i>	2019 <i>HK\$</i>	2020 <i>HK\$</i>
At 1 April	34,100,000	36,600,000	35,200,000
Fair value gain/(loss)	2,500,000	(1,400,000)	(3,200,000)
At 31 March	36,600,000	35,200,000	32,000,000

The investment property is situated in Hong Kong and held under medium term lease. Success Mark has pledged the investment property to secure general banking facilities granted to Success Mark.

Investment property was valued at 31 March 2018, 2019 and 2020 on the open market value basis by reference to market evidence of recent transactions for similar properties (level 2) by an independent qualified valuer, Knight Frank Petty Limited.

Management reviews the valuation performed by the independent valuer for financial reporting purposes. The review includes verification of all major inputs to the valuation, assessing property valuation movements and discussions with the independent valuer. Management considers that the current use of the investment property equates the best use.

For the fair value measurement of investment property please refer to note 7.

### 14. AMOUNT DUE FROM A DIRECTOR

Amount due from a director disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance is as follows:

	At beginning of the year <i>HK\$</i>	At end of the year <i>HK\$</i>	Maximum amount outstanding during the year <i>HK\$</i>
<i>Year ended 31 March 2020</i>			
Mr. Lai Shu Yan Anthony Derek	2,976	–	2,976
<i>Year ended 31 March 2019</i>			
Mr. Lai Shu Yan Anthony Derek	1,226	2,976	2,976
<i>Year ended 31 March 2018</i>			
Mr. Lai Shu Yan Anthony Derek	–	1,226	1,226

The above advance is unsecured, non-interest bearing and have no fixed repayment terms.

## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

### 15. ACCRUALS AND OTHER PAYABLES

	At 31 March		
	2018 <i>HK\$</i>	2019 <i>HK\$</i>	2020 <i>HK\$</i>
Rental deposit received	165,000	180,000	180,000
Accruals	7,500	7,500	7,500
	172,500	187,500	187,500

### 16. SECURED BANK BORROWING

	At 31 March		
	2018 <i>HK\$</i>	2019 <i>HK\$</i>	2020 <i>HK\$</i>
Bank loan	3,032,407	2,754,629	2,476,852
The borrowing is repayable as follows:			
On demand or within one year	277,778	277,777	277,778
In the second year	277,777	277,778	277,778
In the third to fifth years, inclusive	833,333	833,333	833,333
After five years	1,643,519	1,365,741	1,087,963
	3,032,407	2,754,629	2,476,852

The bank loan is denominated in HK\$ and carries interest at variable rate of the lower of one-month Hong Kong Interbank Offered Rate (“**HIBOR**”) plus 2.25% per annum and HK\$ prime rate minus 2.00% quoted by The Bank of East Asia, Limited. The bank loan is secured by a charge over Success Mark’s investment property during the Relevant Periods.

### 17. AMOUNTS DUE TO SHAREHOLDERS/A RELATED COMPANY

The advances are unsecured, non-interest bearing and repayable on demand.

### 18. SHARE CAPITAL

	<i>HK\$</i>
Issued and fully paid:	
100 ordinary share at HK\$1.00 each	
At 1 April 2017, 31 March 2018, 2019 and 2020	100

Success Mark’s objectives when managing capital are to safeguard Success Mark’s ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

In order to maintain or adjust the capital structure, Success Mark may return capital to the shareholder, issue new shares or sell assets to reduce debt.

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## APPENDIX II FINANCIAL INFORMATION OF NICE ABLE AND SUCCESS MARK

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### 19. NOTES TO THE STATEMENT OF CASH FLOWS

#### Changes in liabilities arising from financing activities

The following table shows Success Mark's changes in liabilities arising from financing activities during the Relevant Periods:

	<b>Secured bank borrowing</b> <i>HK\$</i>
At 1 April 2017	3,310,185
Changes in cash flows	(367,676)
Finance costs incurred during the year	89,898
	<hr/>
At 31 March 2018 and 1 April 2018	3,032,407
Changes in cash flows	(371,983)
Finance costs incurred during the year	94,205
	<hr/>
At 31 March 2019 and 1 April 2019	2,754,629
Changes in cash flows	(365,892)
Finance costs incurred during the year	88,115
	<hr/>
At 31 March 2020	<u>2,476,852</u>

### 20. RELATED PARTY TRANSACTIONS

Other than as disclosed transaction and balance elsewhere in notes 14 and 17 to the Historical Financial Information, during the Relevant Period, Success Mark had no other related party transaction.

### 21. EVENTS AFTER THE REPORTING PERIOD

- (a) No audited financial statements have been prepared by Success Mark in respect of any period subsequent to 31 March 2020.
- (b) The shareholders of Success Mark entered into an agreement with Nice Able on 25 March 2020, pursuant to which amongst other things and as part of the agreement, to sell the entire equity interest and the loan in Success Mark to Nice Able at total cash consideration of HK\$58,000,000, subject to adjustment. The transaction is expected to be completed on 22 July 2020 or such other date as the parties may agree in writing.

**A. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP**

The accompanying unaudited pro forma statement of assets and liabilities of the Enlarged Group (the “**Statement**”) has been prepared to illustrate the effect of the acquisition of the Sale Shares of Nice Able and the assignment of the Shareholder’s Loan from the Seller subject to the terms and conditions of the Agreement for Sale and Purchase (the “**Acquisition**”), assuming the transaction had been completed as at 30 September 2019, might have affected the financial position of the Group.

The Statement is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2019 as extracted from the published interim report of the Group for the six months ended 30 September 2019 and (ii) the audited statement of financial position of Nice Able as at 6 April 2020 as extracted from the Accountants’ Report of set out in Appendix II of the Circular after making certain proforma adjustments resulting from the Acquisition.

The Statement is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Statement, it may not give a true picture of the actual financial position of the Group that would have been attained had the Acquisition actually occurred on 30 September 2019. Furthermore, the Statement does not purport to predict the Group’s future financial position.

The Statement should be read in conjunction with the financial information of the Group as set out in Appendix I of the Circular, the financial information of Nice Able as set out in Appendix II of the Circular and other financial information included elsewhere in the Circular.

	The Group				Unaudited	
	as at				Pro forma	
	30 September	Pro forma adjustments			total for the	
2019				Enlarged		
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)		
<b>Non-current assets</b>						
Property, plant and equipment	3,695	-	-	-	-	3,695
Right-of-use assets	2,228	-	-	-	-	2,228
Investment properties	1,332,266	-	-	-	-	1,332,266
Loans receivable	13,580	-	-	-	-	13,580
Deposits paid for acquisition of investment properties	-	950	(950)	-	-	-
Deposits paid for investment	-	2,000	(2,000)	-	-	-
Financial assets at fair value through profit or loss	18,864	-	-	-	-	18,864
Debt instruments at fair value through other comprehensive income	39,996	-	-	-	-	39,996
Deposits paid for acquisition of a subsidiary	50,000	-	-	-	-	50,000
	<u>1,460,629</u>	<u>2,950</u>	<u>(2,950)</u>	<u>-</u>	<u>-</u>	<u>1,460,629</u>
<b>Current assets</b>						
Properties held for development for sale	1,801,982	-	-	-	-	1,801,982
Deposits paid for acquisition of properties held for development for sale	-	-	2,950	52,029	815	55,794
Trade and other receivables	12,662	-	-	34,137	-	46,799
Loans receivable	278,542	-	-	-	-	278,542
Financial assets at fair value through profit or loss	94,031	-	-	-	-	94,031
Deposits paid for acquisition of properties held for development for sale	141,900	-	-	-	-	141,900
Bank deposits with original maturity of more than three months	13,498	-	-	-	-	13,498
Bank balances and cash	145,299	-	-	(89,116)	(815)	55,368
	<u>2,487,914</u>	<u>-</u>	<u>2,950</u>	<u>(2,950)</u>	<u>-</u>	<u>2,487,914</u>

	The Group				Unaudited	
	as at				Pro forma	
	30 September				total for the	
	2019		Pro forma adjustments		Enlarged	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	(Note 5)	
<b>Current liabilities</b>						
Trade and other payables	113,581	-	-	-	-	114,071
Amount due to shareholder	-	2,950	-	(2,950)	-	-
Tax payable	8,606	-	-	-	-	8,606
Convertible notes	80,644	-	-	-	-	80,644
Secured bank borrowings	362,100	-	-	-	-	362,100
Lease liabilities	2,248	-	-	-	-	2,248
	<u>567,179</u>	<u>2,950</u>	<u>-</u>	<u>(2,950)</u>	<u>-</u>	<u>567,669</u>
<b>Net current assets/(liabilities)</b>	<u>1,920,735</u>	<u>(2,950)</u>	<u>2,950</u>	<u>-</u>	<u>-</u>	<u>1,920,735</u>
<b>Total assets less current liabilities</b>	<u>3,381,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,381,364</u>
<b>Non-current liabilities</b>						
Deferred tax liabilities	32,173	-	-	-	-	32,173
Secured bank borrowings	560,342	-	-	-	-	560,342
	<u>592,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>592,515</u>
<b>Net assets</b>	<u>2,788,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,788,849</u>

*Notes:*

- The figures are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 September 2019 as set out in the published interim report of the Group for the six months end 30 September 2019.
- The adjustment represents the acquisition of Nice Able (the “**Acquisition**”), as if the Acquisition for pro forma purpose, takes place on 30 September 2019. The financial information of Nice Able is extracted from the audited statement of financial position of Nice Able as at 6 April 2020 as set out in the accountants’ report on Nice Able (the “**Nice Able Accountants’ Report**”) which is contained in Appendix II to this circular. The Directors consider that 6 April 2020 is the latest practicable date for the purpose of Nice Able Accountants’ Report which faithfully reflects the latest status of Nice Able.

The Acquisition did not constitute a business combination. The Acquisition is for the purpose of acquiring the Catchick Street Properties and Success Mark Property. Therefore, the consideration was allocated to the identifiable assets and liabilities of Nice Able.

3. The adjustment represents the reclassification of “deposits paid for investment/acquisition of investment properties” to “deposits paid for acquisition of properties held for development for sale” on group level.
4. The adjustment represents the consideration of approximately HK\$89,116,000 (the “**Consideration**”) paid by the Company, of which is the consideration for the Acquisition of Nice Able. The allocations of the Consideration to the identifiable assets are:
  - (i) ad valorem stamp duty and buyer’s stamp duty of approximately HK\$34,137,000, paid by the Seller on behalf of Nice Able which is refundable when the Sites are demolished for redevelopment and recognised as “stamp duty recoverable” and included in “trade and other receivables”. The amount is assumed to be approximate to its fair value and is expected to be settled within one year; and
  - (ii) the residual transaction price, being the Consideration after deducting from the amounts stated in note 4(i), is recognised as deposits paid for acquisition of properties held for development for sale of approximately HK\$54,979,000. (being HK\$2,950,000 stated in note 3 and HK\$52,029,000 stated in this adjustment).

Also, in accordance with the Agreement for Sale and Purchase, the Shareholder’s Loan was assigned from the Seller to Success Edge Limited, the wholly-owned subsidiary of the Company. The adjustment in the amount of “Amount due to shareholder” of approximately HK\$2,950,000 represents the elimination of intercompany balance after the Shareholder’s Loan assignment and as if the Acquisition, for pro forma purpose, take place on 30 September 2019.

5. The adjustment represents payment of the estimated transaction costs directly attributable to the Acquisition of approximately HK\$815,000.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2019.



**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong:*



21 May 2020

The Board of Directors  
**Eminence Enterprise Limited**

Dear Sirs,

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 for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 September 2019 (the “**Statement**”) as set out on pages III-2 to III-4 of the circular dated 21 May 2020 issued by the Company. The applicable criteria on the basis of which the directors have compiled the Statement are described on page III-1 of the circular.

The Statement has been compiled by the directors to illustrate the impact of the proposed acquisition of the Sale Shares of Nice Able and the assignment of the Shareholder’s Loan from the Seller subject to the terms and conditions of the Agreement for Sale and Purchase on the Group’s financial position as at 30 September 2019 as if the transaction had been taken place at 30 September 2019. As part of this process, information about the Group’s financial position has been extracted by the directors from the Group’s condensed financial statements as included in the interim report for the six months ended 30 September 2019, on which no audit or review report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the Statement in accordance with paragraph 29 of Chapter 4 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 (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” 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 requirement 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.

The firm applies Hong Kong Standard on Quality Control 1 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 Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Statement 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 Statement 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 accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the Statement in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" 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 Statement, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Statement.

The purpose of the Statement 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 30 September 2019 would have been as presented.

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

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Statement has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Statement.

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 Statement 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 Statement as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA CPA Limited**  
*Certified Public Accountants*  
Hong Kong

**MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 MARCH 2017, 2018 AND 2019 (EXTRACTED FROM THE ANNUAL REPORTS OF THE COMPANY FOR THE RELEVANT YEARS)****FOR THE YEAR ENDED 31 MARCH 2019****Business Review**

During the year, the Group was principally engaged in property development, property investment, comprising the ownership and rental of investment properties, investment in securities and loan financing business which property development and property investment are the core business of the Group. The review of the individual business segments of the Group are set out below.

**(i) Property Development**

One of the core business of the Group is property development. The Group has extensive experience on property redevelopment, in particular, acquisition of old buildings for renewal and redevelopment. Below are the major projects of the Group during the year.

**1. Project Matheson**

As at 31 March 2019, the Group, through its subsidiary, owns the site at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong. The total area of the site is approximately 2,857 sq ft. and is currently under development. After development, the site will provide a gross floor area of approximately 3,982 sq ft of commercial/office mixed-use building. The development is expected to complete in the fourth quarter of 2021.

**2. Project Wing Cheong**

As at 31 March 2019, the Group, through its subsidiary, owns approximately 86.4% of Wing Cheong Factory Building, a building located at No. 121 King Lam Street, Kowloon, Hong Kong. The site area is approximately 5,483 sq ft. On 12 September 2018, the Group filed an application under the Lands (Compulsory Sale for Redevelopment) Ordinance for auctioning all the units in Wing Cheong Factory Building. The Group plans to develop the site into an industrial mixed-use building with car parking spaces.

**3. Disposal of Inverness Road Property**

Inverness Road Property is a residential building located at Nos. 14-20 Inverness Road, Kowloon, Hong Kong, also known as New Kowloon Inland Lot No. 6573. It was a residential building under the development of the Group.

On 8 March 2019, the Group successfully disposed the Inverness Road Property and acquired Easy Tower simultaneously. The disposal of the Inverness Road Property allows the Group to focus on the industrial and non-residential sectors and sharpen its competitive edge on industrial building redevelopments. It also enables the Group to acquire Easy Tower and raise cash for other development projects, such as Wing Cheong, Fung Wah and Matheson Project. Furthermore, the disposal enabled the Group to save approximately HK\$135 million which the Group otherwise had to expend to complete the Inverness Road Property and bring it to market.

For further details, please refer to “Material Acquisition and Disposal” section below.

**(ii) Property Investment**

The other core business of the Group is property investment.

During the year, the total rental income of the Group recorded was approximately HK\$42,627,000 (2018: approximately HK\$33,012,000), representing a 29.1% increase over the last year. The increase is primarily due to the contributions from newly acquired properties, as well as continued management of tenant mix, rental reversion at major investment properties and properties held for development for sale during the year under review.

*Hong Kong*

In Hong Kong, the Group owns residential units, commercial units and industrial units with a total carrying amount of approximately HK\$1,129,400,000 as at 31 March 2019 (2018: approximately HK\$1,156,000,000). For the year ended 31 March 2019, the Group recorded property rental income of approximately HK\$23,339,000 (2018: approximately HK\$16,516,000), representing an increase of approximately 41.3% as compared with 2018.

Below are the major property investments of the Group during the year.

1. Acquisition of Office Units and Car Parks in Capital Centre

The Group, through its subsidiary, owns the whole floor of 12th Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong, as well as, car park spacing numbers 329, 330 and 331 on the 3rd Floor of the same building. The total saleable area of the 12th Floor is approximately 11,316 sq ft. The consideration was HK\$295 million. These properties were acquired for investment purposes and for providing an opportunity to expand and diversify the Group’s property investment portfolio, and for generating a steady flow of rental income to the Group. For further details, please refer to “Material Acquisition and Disposal” and “Events after the end of the Reporting Period” sections below.

2. Acquisition of Easy Tower

Easy Tower is an industrial building located at No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong, with a total gross floor area of approximately 74,458 sq ft. It is adjacent to Fung Wah Factorial Building, a site wholly owned by the Group with a total saleable area of 46,312 sq ft.

The acquisition of Easy Tower enables the Group to better focus on industrial and non-residential real estate activities which in turn enhance its competitiveness in such field. Easy Tower is also a source of recurring income to the Group through renting out the units in the building.

It also allows the Group to redevelop both Easy Tower site and Fung Wah Factorial Building site together and will significantly enhance the development potential of both sites.

#### *Singapore*

In Singapore, the Group owns 3 residential units with a total carrying amount of approximately HK\$159,831,000 as at 31 March 2019 (2018: approximately HK\$162,456,000). For the year ended 31 March 2019, the Group received property rental income of approximately HK\$2,840,000 (2018: approximately HK\$2,719,000), representing a 4.5% increase over the last year.

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

In Huzhou City, Zhejiang Province of the PRC, the Group has 12 blocks of factory premises and 4 blocks of dormitories with a total carrying amount of approximately HK\$374,130,000 at 31 March 2019 (2018: approximately HK\$338,177,000). For the year ended 31 March 2019, the Group recorded property rental income of approximately HK\$16,448,000 (2018: approximately HK\$13,777,000), representing an increase of approximately 19.4% as compared with 2018.

#### **(iii) Securities Investment**

During the year, the Group has adopted a prudent attitude in its securities investment. The Group had acquired listed securities and disposed of some shares in the investment portfolio. The Group recorded a loss on change in fair value of financial assets at fair value through profit or loss of approximately HK\$16,283,000 (2018: approximately HK\$2,195,000). The impairment loss on available-for-sale investments was nil (2018: approximately HK\$3,406,000). As a result, the Group reported a segment loss of approximately HK\$16,500,000 (2018: segment loss of approximately HK\$1,316,000) during the year under review. The Group received dividend income from the listed securities of approximately HK\$3,667,000 during the year under review. The Group considers that the prospects in respect of the listed shares investments are healthy. The Group understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. Also, the Group will closely monitor the performance progress of the investment portfolio from time to time.

At 31 March 2019, the Group's investment in equity securities listed in Hong Kong amounting to approximately HK\$56,338,000 (2018: approximately HK\$3,436,000). It was derived from (i) the purchase of securities of approximately HK\$22,974,000 during the year under review; (ii) the disposal of securities which had a fair value of approximately HK\$160,625,000; (iii) net decrease in market value of securities investments in the amount of approximately HK\$16,659,000; and (iv) reclassified from available-for-sale investments of approximately HK\$207,213,000. This value represented an investment portfolio comprising 4 (2018: 4) equity securities which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group held significant securities investments as at 31 March 2019 as below:

Company name (stock code)	No. of shares held	Approx. % held to the total issued share capital of the company/ investment	Investment cost/cost of acquisition HK\$'000	Dividend income for the year ended 31 Mar 2019 HK\$'000	Fair value gain (loss) for the year ended 31 Mar 2019 HK\$'000	Fair value at 31 Mar 2019 HK\$'000	Approx. % of total assets of the Group at 31 Mar 2019 %
		%		HK\$'000	HK\$'000	HK\$'000	HK\$'000
China SCE Group Holdings Ltd. (1966)	6,800,000	0.16%	10,757	1,359	272	27,812	0.69%
Best Food Holding Co. Ltd. (1488)	21,660,000	1.37%	25,740	133	1,273	26,425	0.65%
Other listed shares *	-	-	17,509	769	(377)	2,101	0.05%
Grand total:			54,006	2,261	1,168	56,338	1.39%

\* Other listed shares included 2 companies whose shares are listed on the Main Board of the Stock Exchange.

#### (iv) Loan Financing

During the year, the Group recorded interest income from the loan financing business amounting to approximately HK\$19,601,000 (2018: approximately HK\$16,593,000), representing approximately 31.50% of the total revenue of the Group. The segment profit of loan financing business was approximately HK\$5,726,000 for the year ended 31 March 2019 (2018: approximately HK\$9,208,000). The outstanding principal amount of loans receivable as at 31 March 2019 was approximately HK\$336,010,000 (2018: approximately HK\$265,297,000). At 31 March 2019, impairment allowance for loans receivable amounted to approximately HK\$9,192,000. During the year under review, impairment allowance recognized in profit or loss amounted to approximately HK\$2,808,000 in its loan financing business. The Group will continue to develop in this segment in order to earn a higher interest income.

**Financial Review*****Revenue***

For the year ended 31 March 2019, the Group's revenue increased by 25.4% to approximately HK\$62,228,000 as compared with last year which was derived from the increase in the rental income from the property investment business and interest income from the loan financing business.

***Gross Profit/Margin***

Gross profit of the Group for the year ended 31 March 2019 was approximately HK\$58,957,000, representing an increase of approximately 26.2% or approximately HK\$12,232,000 as compared to approximately HK\$46,725,000 in 2018. Gross profit margin for the year reached approximately 94.7% (2018: approximately 94.2%), representing an increase of 0.5% over the last financial year.

***Profit before Taxation***

Profit before taxation of the Group for the year ended 31 March 2019 was approximately HK\$50,910,000, as compared with last year profit before taxation of approximately HK\$54,608,000.

Administrative expenses of the Group increased from approximately HK\$35,525,000 to approximately HK\$48,276,000, an increase of approximately 35.9% as compared with the last year.

During the year under review, there was a loss on changes in fair value of financial assets amounting to approximately HK\$16,283,000 (2018: approximately loss of HK\$2,195,000).

Finance costs of the Group was approximately HK\$36,310,000, increased by approximately HK\$4,937,000 or approximately 15.7% for the year from approximately HK\$31,373,000 in 2018, of which approximately HK\$17,123,000 (2018: approximately HK\$17,128,000) is the effective interest expense on convertible notes.

***Profit Attributable to the Shareholders and Earnings per Share***

Profit attributable to the Shareholders for the year ended 31 March 2019 was approximately HK\$50,510,000, as compared to last year profit of approximately HK\$53,539,000. Net profit margin is approximately 81.2% as compared to net profit margin last year of approximately 107.9%.

For this year, the taxation charge was approximately HK\$400,000 whilst last year the taxation charge was approximately HK\$1,069,000.

Basic and diluted earnings per Share for the year ended 31 March 2019 were approximately HK1.70 cents and HK1.67 cents respectively as compared to basic and diluted earnings per Share were approximately HK2.31 cents and HK2.15 cents respectively in 2018.



*Liquidity and Financial Resources*

At 31 March 2019, total assets of the Group amounted to approximately HK\$4,034,545,000 (2018: approximately HK\$4,011,917,000). In terms of financial resources as at 31 March 2019, the Group's total bank balances and cash was approximately HK\$141,582,000 (2018: approximately HK\$125,422,000).

At 31 March 2019, the Group has total bank borrowings of approximately HK\$1,075,229,000 (2018: approximately HK\$1,092,660,000). The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to the Shareholders' equity, was approximately 0.4 (2018: approximately 0.4). As at 31 March 2019, the Group's current ratio was approximately 4.8 (2018: approximately 3.5).

The Group financed its operations primarily with recurring cash flow generated from its operations and bank financing.

*Charges of Assets*

As at 31 March 2019, the Group had bank loans amounting to approximately HK\$1,075,229,000 (2018: approximately HK\$1,092,660,000) which were secured by the Group's properties with an aggregate net book value of approximately HK\$776,431,000 (investment properties) and approximately HK\$1,730,263,000 (properties held for development for sale) respectively (2018: approximately HK\$986,740,000 and HK\$1,634,964,000).

*Material Acquisitions and Disposals**(1)(a) Acquisition of Easy Tower*

On 19 November 2018, the Group through Sonic Hover Limited, a wholly-owned subsidiary, entered into a conditional sale and purchase agreement with Easyknit Properties Holdings Limited, a subsidiary of Easyknit. Pursuant to which, Sonic Hover Limited agreed to acquire from Easyknit Properties Holdings Limited the entire equity interest in Wellmake Investments Limited ("**Wellmake**"), which the material asset is Easy Tower. The sale consideration was of HK\$470,000,000. The transaction was approved by the independent Shareholders on 28 February 2019 and was duly completed on 8 March 2019.

Easy Tower is located at No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, also known as New Kowloon Inland Lot No. 6238, and is adjacent to Fung Wah Factorial Building, a lot already owned by the Group. The total gross floor area of Easy Tower is approximately 74,458 sq ft. while for the total saleable area of Fung Wah Factorial Building is approximately 46,312 sq ft.

On completion, a property management agreement ("**Property Management Agreement**") was entered into between Wellmake, which was then a subsidiary of the Company after the completion, and UrbanMode (HK) Limited ("**Manager**"), a wholly-owned subsidiary of Easyknit. Pursuant to which, Wellmake appointed the Manager to manage Easy Tower for an initial period of three years from completion. Easyknit group has been providing property management services for Easy Tower and to facilitate the smooth transition of Easy Tower ownership without disruption to the management of Easy Tower, the Manager will manage and maintain Easy Tower after completion.

#### Reasons for Acquisition

The acquisition of Easy Tower enables to Group better focus on industrial and non-residential real estate activities which in turn enhance its competitiveness in such sector. Easy Tower is also a source of recurring income to the Group through renting out the units in the building.

Acquiring Easy Tower also allows the Group to redevelop both Easy Tower site and Fung Wah Factorial Building site together and will significantly enhance the development potential of both sites.

#### *(1)(b) Disposal of Inverness Road Property*

On 19 November 2018, the Group, through its wholly-owned subsidiary, Kingbest Capital Holdings Limited, entered into a conditional sale and purchase agreement with Gold Anchor Developments Limited, a wholly-owned subsidiary of Easyknit. Pursuant to which, Kingbest Capital Holdings Limited agreed to dispose to Gold Anchor Developments Limited the entire equity interest in Total Expect Limited, which the material asset is Inverness Road Property. The sale consideration was HK\$1,035,000,000. The transaction was approved by the independent Shareholders on 28 February 2019 and was duly completed on 8 March 2019.

#### Reasons for Disposal

Inverness Road Property is located at Nos. 14-20 Inverness Road, Kowloon, Hong Kong, also known as New Kowloon Inland Lot No. 6573. The disposal of the Inverness Road Property allows the Group to focus on the industrial and non-residential sectors and sharpen its competitive edge on industrial building redevelopment. It also enables the Group to acquire Easy Tower and raise cash for other development projects, such as Wing Cheong, Fung Wah and Matheson Project. Furthermore, the disposal enabled the Group to save approximately HK\$135 million which the Group otherwise had to expend complete the Inverness Road Property and bring it to market. Through such acquisition and disposal, the Group received a net proceeds of approximately HK\$586,142,000.

For further details of the acquisition and disposal, please refer to the joint announcement dated 21 November 2018 and the joint circular dated 12 February 2019.

#### *(2) Acquisition of Office Units and Car Parks in Capital Centre*

The Group completed the acquisition of office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 sq ft) and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong on 30 April 2018. The consideration was approximately HK\$295 million. These properties were acquired for investment purposes and for providing an opportunity to expand and diversify the Group's property investment portfolio and for generating a steady flow of rental income to the Group.

As of 31 March 2019, the rental income from the properties during the year was approximately HK\$3,598,000.

On 20 November 2018, the Company obtained the Shareholders' approval to auction these properties (as a whole) through open tender of not less than HK\$310 million. Such approval allows the Company to act swiftly on its investment portfolio and provides the Board maximum flexibility in a sale and increase the pool of potential buyers.

For further information on the acquisition, please refer to the Company's announcement dated 11 January 2018 and circular dated 15 March 2018.

For further information on the tender, please refer to the Company's announcement dated 4 October 2018 and circular dated 20 November 2018.

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

#### ***Exposure on Foreign Exchange Fluctuations***

Most of the Group's revenues and payments are in United States dollars, Hong Kong dollars, Singapore dollars and Renminbi. During the year, the Group did not have significant exposure to the fluctuation in exchange rates and thus, no financial instrument for hedging purposes was employed. The Group 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 2019 (2018: nil).

#### ***Capital Expenditure and Capital Commitments***

##### ***Capital Expenditure***

For the year ended 31 March 2019, the Group invested approximately HK\$1,489,000 (2018: approximately HK\$1,433,000) in the purchase of property, plant and equipment, and spent approximately HK\$23,368,000 (2018: approximately HK\$201,710,000) on addition of investment properties, other than the acquisition of investment properties through acquiring Wellmake. These capital expenditures were financed from internal resources and funds from previous fund raising activities of the Company.

##### ***Capital Commitments***

As at 31 March 2019, the Group had capital commitments in respect of capital expenditure contracted for but not provided of approximately HK\$40,684,000 (2018: approximately HK\$265,975,000).

**Employees**

As at 31 March 2019, the Group had 55 employees (2018: 46). Staff costs (including directors' emoluments) amounted to approximately HK\$21,222,000 for the year under review (2018: approximately HK\$17,065,000). The Group remunerates its employees based on their performance, experience and prevailing industry practice. The Group has set out the Mandatory Provident Fund Scheme for the Hong Kong's employees and has made contributions to the state-sponsored pension scheme operated by the PRC government for the PRC employees. The Group has a share option scheme to motivate valued employees.

**Prospects**

The Hong Kong economy has been growing steadily despite an increasingly challenging external environment.

Despite the uncertainties on global economic outlook caused by the intensified US-China trade war, Brexit, and recent corrections in the financial markets, Hong Kong's economy remains resilient.

The Board maintains a cautiously optimistic view on the property market and would continue devoting resources and effort in increasing and replenishing its land bank for its property development business and will also continue to adopt a prudent approach in acquiring and disposing properties and other investments to secure steady recurring income and capital appreciation for the Group.

**FOR THE YEAR ENDED 31 MARCH 2018****Business Review**

For the year ended 31 March 2018, the Group's revenue amounted to HK\$49,605,000. There was a profit for the year attributable to the owners of the Company of HK\$53,539,000. The profit for the year ended 31 March 2018 was mainly due to the gain arising from changes in fair value of investment properties amounting to HK\$72,337,000.

The basic and diluted earnings per Share amounted to HK2.31 cents and HK2.15 cents respectively for the year ended 31 March 2018. The review of the individual business segments of the Group are set out below.

***Property Investment***

For the year ended 31 March 2018, the total rental income of the Group recorded HK\$33,012,000. The increase is primarily due to the contributions from newly acquired properties, as well as continued management of tenant mix and rental reversion at major investment properties during the year under review.

***Hong Kong***

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

***Singapore***

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

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

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

*Property Development**Project Matheson*

The Group owns 12 out of 14 units of a non-industrial building at Nos. 11, 13 and 15 Matheson Street, Causeway Bay, Hong Kong (the “**Matheson Building**”). On 29 September 2017, the Group successfully acquired through auction under Chapter 545 of the 2 remaining units of Matheson Building (the “**Remaining Units**”). Following the acquisition of the Remaining Units, the Group had 100% ownership of the Matheson Building with a site area of approximately 2,857 sq.ft. The whole site is under development construction. Redevelopment is expected to be completed in the third quarter of 2021.

*Investment in Securities*

For the year ended 31 March 2018, the Group has adopted a prudent attitude in its securities investment. The Group had acquired listed securities under held for trading investments and disposed of some shares in the investment portfolio. The Group recorded fair value loss on held for-trading investments of HK\$2,195,000. The impairment loss on available-for-sale investments was HK\$3,406,000. As a result, the Group reported a reduced segment loss of HK\$1,316,000 for the year ended 31 March 2018. The Group received dividend income from the listed securities under held for trading investments and available-for-sale investments of HK\$41,000 and HK\$4,496,000 respectively for the year ended 31 March 2018.

The Group considers that the prospects in respect of the shares still held-for-trading investments are healthy. The Directors understands that the performance of the investments may be affected by the degree of volatility in the Hong Kong stock market and subject to other external factors that may affect their values. Accordingly, the Group will continue to maintain a diversified portfolio of investment of different segments of markets to minimise the possible financial risks. Also, the Directors will closely monitor the performance progress of the investment portfolio from time to time.

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

*Available-for-sale investments*

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

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

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

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

*Loan Financing*

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

**Financial Review***Revenue*

For the year ended 31 March 2018, the Group's revenue was HK\$49,605,000 which was derived from the increase in the rental income from the property investment business and interest income from the loan financing business.

***Gross Profit/Margin***

Gross profit of the Group for the year ended 31 March 2018 was HK\$46,725,000. Gross profit margin for the year reached approximately 94.2%, as a result of the increase in cost of services rendered.

***Profit/Loss before Taxation***

Profit before taxation of the Group for the year ended 31 March 2018 was HK\$54,608,000.

Distribution and selling expenses of the Group was HK\$40,000. Administrative expenses of the Group were HK\$35,525,000. During the year ended 31 March 2018, there was a gain on changes in fair value of investment properties amounting to HK\$72,337,000.

Finance costs of the Group was HK\$31,373,000, of which HK\$17,128,000 is the effective interest expense on convertible notes.

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

Profit attributable to owners of the Group for the year ended 31 March 2018 was HK\$53,539,000. Net profit margin is 107.9%.

For the year ended 31 March 2018, the taxation charge was HK\$1,069,000. Basic and diluted earnings per Share for the year 31 March 2018 were HK2.31 cents and HK2.15 cents respectively.

***Liquidity and Financial Resources***

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

At 31 March 2018, the capital base has been strengthened because an aggregate net proceeds of HK\$94,280,000 was raised from the placing of new Shares and issuing of convertible notes during the year. At 31 March 2018, the Group has total bank borrowings of HK\$1,092,660,000. The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to the Shareholders' equity, was approximately 0.40. As at 31 March 2018, the Group's current ratio was 3.5. The Group financed its operations primarily with recurring cash flow generated from its operations, proceeds raised from the capital market and bank financing.



*Fund Raising Activities**Issue of Shares during the year*

- (1) On 3 July 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 325,000,000 placing Shares at a price of HK\$0.08 per placing Share with the aggregate nominal value of HK\$3,250,000 under the refreshed general mandate granted to the Directors by a resolution of the independent Shareholders at the special general meeting of the Company held on 26 April 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were Independent Third Parties. The closing price of the Shares on 3 July 2017 was HK\$0.08. The placing was completed on 19 July 2017 and the net proceeds (representing net issue price of approximately HK\$0.079 per placing Share) were approximately HK\$25,740,000, which were intended to be used for the acquisition of the Remaining Units of Matheson Building. The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of the Company and the Shareholders as a whole. Details of which are set out in the Company's announcements dated 3 July 2017 and 19 July 2017.
  
- (2) On 30 November 2017, the Company and a placing agent entered into a placing agreement pursuant to which the placing agent agreed to place, on a best effort basis, up to 447,000,000 placing Shares at a price of HK\$0.055 per placing Share with the aggregate nominal value of HK\$4,470,000 under the general mandate granted to the Directors by a resolution of the Shareholders at the annual general meeting of the Company held on 24 July 2017, to not less than six placees, who were independent professional, institutional or individual investors and who and whose ultimate beneficial owners were Independent Third Parties. The closing price of the Shares on 30 November 2017 was HK\$0.065. The placing was completed on 21 February 2018 and the net proceeds (representing net issue price of approximately HK\$0.054 per placing Share) were approximately HK\$24,340,000, which were intended to be used for the acquisition of Fung Wah Factorial Building ("**FW Building**"). The net proceeds were fully utilised during the year as intended. The Directors were of the view that the placing was fair and reasonable and in the interest of the Company and the Shareholders as a whole. Details of which are set out in the Company's announcements dated 30 November 2017, 20 December 2017, 31 January 2018 and 21 February 2018.

*Issue of convertible notes during the year*

- (1) On 1 March 2017, the Company as an issuer and Goodco Development Limited (the “**Subscriber**”), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit, as a subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK\$16,000,000 (the “**2017CN1**”) which may be converted into 100,000,000 conversion Shares at the conversion price of HK\$0.16 per conversion Share (collectively, the “**Subscription1**”). The interest rate of 3.0% per annum of the 2017CN1 on the outstanding principal amount. The Subscription1 was completed on 11 May 2017 and the maturity date is 11 May 2022. The net proceeds were approximately HK\$15,500,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as to HK\$9.2 million for repayment of bank loan and interest and HK\$6.3 million for payment of general operating expenses. Details of which are set out in the Company’s announcements dated 1 March 2017, 28 April 2017 and 11 May 2017 and the Company’s circular dated 5 April 2017.
- (2) On 7 August 2017, the Company as an issuer and the Subscriber entered into the subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the convertible notes in the aggregate principal amount of HK\$28,200,000 (the “**2017CN2**”) which may be converted into 470,000,000 conversion Shares at the conversion price of HK\$0.06 per conversion Share (collectively, the “**Subscription2**”). The interest rate of 3.0% per annum of the 2017CN2 on the outstanding principal amount. The Subscription2 was completed on 26 September 2017 and the maturity date is 26 September 2020. The net proceeds were approximately HK\$27,800,000, which were intended to be used for the general working capital of the Group. The net proceeds were fully utilised during the year as intended. Details of which are set out in the Company’s announcements dated 7 August 2017 and 26 September 2017 and the Company’s circular dated 28 August 2017. On 18 October 2017, the Subscriber exercised its right attached to the 2017CN2 for the amount of HK\$16,920,000 to convert 282,000,000 conversion Shares and where are issued and allotted to the Subscriber on the same date.

*Previous fund raising activity*

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

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

*Charges of Assets*

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

*Material Acquisitions**Acquisition of the Remaining Units of the Matheson Building*

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

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

*Acquisition of FW Building*

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

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

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

#### *Acquisition of Wing Cheong Building*

On 28 March 2017, the Group through Wealth Plan Development Limited ("**Wealth Plan**"), an indirect wholly-owned subsidiary of the Company, entered into the 17 provisional agreements with each of the 17 vendors, which are independent third parties, pursuant to which Wealth Plan has agreed to acquire the respective properties from the relevant vendors for an aggregate cash consideration of HK\$226,052,500. The properties included 18 industrial units and 2 car park units of the Wing Cheong Building (collectively, the "**Wing Cheong Properties**") and 11 units of the Wing Cheong Properties are subject to the tenancy agreements that by the terms may still be in force as at 28 March 2017. Such tenancies would be expired between April 2017 and April 2020. The acquisition of the Wing Cheong Properties took place on 28 June 2017. Details of which are set out in the Company's announcement dated 29 March 2017 and the Company's circular dated 12 May 2017.

#### *Acquisition of Capital Centre*

On 11 January 2018, Lion Capital Investment Limited ("**Lion Capital**"), a wholly-owned subsidiary of the Company, entered into the provisional agreement with Brilliant Circle Holdings International Limited, a company incorporated in the Cayman Islands with limited liability and the shares are listed on the Main Board of the Stock Exchange (stock code: 1008), as vendor (the "**Vendor**"), pursuant to which (i) Lion Capital has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the sale interests (the "**Sale Interests**") (comprising the entire issued share capital of Empire Sail Limited (the "**Target Company**" and its subsidiaries, collectively, the "**Target Group**"), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor and the shareholders' loan due and owing by the Target Group to the Vendor and Vendor's subsidiaries amounted to approximately HK\$221 million (the "**Sale Loans**")) for a consideration of HK\$295 million (subject to adjustments); and (ii) Lion Capital has agreed, subject to completion, to grant a lease back to the Vendor or its nominee for each of Unit 1201A of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "**Property 1**") and Unit 1202 of Capital Centre, No. 151 Gloucester Road, Hong Kong (the "**Property 2**") at the monthly rentals of HK\$256,240

and HK\$62,559 respectively for two years commencing from the next date immediately following the completion date. The Target Company owned the office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor (with a total saleable area of approximately 11,316 sq.ft.) and car parking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong. The acquisition of the Target Group took place on 30 April 2018. Details of which are set out in the Company's announcement dated 11 January 2018 and the Company's circular dated 15 March 2018.

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

#### ***Exposure on Foreign Exchange Fluctuations***

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

#### ***Contingent Liabilities***

The Group did not have any significant contingent liabilities as at 31 March 2018.

#### ***Capital Expenditure and Capital Commitments***

##### ***Capital Expenditure***

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

##### ***Capital Commitments***

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

#### **Employees**

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

**Prospects**

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

Through the fund raising activities in the capital market, the Group has successfully raised funds for property development projects and general working capital with relatively low financing cost as compared with bank financing. The Group remains optimistic about the property market in Hong Kong which is expected to grow steadily and will place emphasis on strengthening the property development and investment businesses by enhancing efficiency and diversifying the development project portfolio to include various types of commercial properties in prime locations. This will ensure the Group and work to the best interest of the Group and the Shareholders as a whole.

## FOR THE YEAR ENDED 31 MARCH 2017

**Business Review**

For the year ended 31 March 2017, the Group was principally engaged in property investment, comprising the ownership and rental of investment properties, property development, investment in securities and loan financing business.

***Geographical Analysis of Turnover***

For the year ended 31 March 2017, rental income from the investment properties were derived from properties located in Hong Kong, Singapore and the PRC.

*(i) Property Investment*

Revenue from the property investment segment was HK\$29,384,000 for the year ended 31 March 2017. 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.

*(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. 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 for the year ended 31 March 2017.

*(iv) Loan Financing*

For the year ended 31 March 2017, this segment recorded a revenue of HK\$6,939,000.

**Financial Review*****Revenue***

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

***Gross Profit/Margin***

Gross profit for the year ended 31 March 2017 was HK\$36,347,000. Gross profit margin was 99.5%.

***Loss before Taxation***

Loss before taxation for the year ended 31 March 2017 was HK\$29,592,000. Distribution and selling expenses was HK\$13,000. It was mainly attributable to the reduction of revenue of garment sourcing and export business segment. Administrative expenses were HK\$32,911,000.

For the year ended 31 March 2017, there was a loss on changes in fair value of investment properties amounting to HK\$12,792,000. Finance costs was HK\$19,213,000, of which HK\$11,050,000 is the effective interest expense on convertible notes.

***Loss Attributable to the Shareholders and Loss per Share***

Loss attributable to the Shareholders for the year ended 31 March 2017 was HK\$26,627,000. Net loss margin is increased to 72.9%. For the year ended 31 March 2017, the taxation credit was HK\$2,965,000. Basic and diluted loss per Share for the year 31 March 2017 was HK\$0.02.

***Liquidity and Financial Resources***

As at 31 March 2017, total assets of the Group amounted to HK\$3,407,650,000. 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. The Group's gearing ratio, which is calculated as a ratio of total bank borrowings to the Shareholders' equity, was approximately 0.32. As at 31 March 2017, the Group's current ratio was 3.4.

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, 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 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 annual 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 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 annual 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 annual 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 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 annual 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 was 1,911,832,059 Shares. A total of 795,222,222 new Shares were issued for the year ended 31 March 2017.

- (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) For the year ended 31 March 2017, 222,222,222 new Shares were issued pursuant to the exercise of conversion rights of 2016CB.

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

#### *Details of 2016CB*

Particulars of the 2016CB are summarized as follows:

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

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

*Details of 2017CB*

On 1 March 2017, the Company entered into a subscription agreement with Goodco Development Limited, a Substantial Shareholder, to subscribe the 2017CB issued by the Company for a principal amount of HK\$16 million. The 2017CB is a 3% per annum coupon interest for 5 years with the conversion price of HK\$0.16 per Share. The transaction was approved by the independent Shareholders 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 31 March 2017, 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 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.

*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 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 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 the Shareholders. 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. For the year ended 31 March 2017 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.

#### *Capital Expenditure and Capital Commitments*

##### *Capital Expenditure*

For the year ended 31 March 2017, the Group invested HK\$35,580,000 in the purchase of plant and equipment, and spent HK\$14,779,000 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.

**Employees**

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

**Prospects**

The Group will continue focusing its efforts in the development of its existing principal businesses: (1) property investment; (2) property development; (3) securities investment; (4) loan financing business and other potential projects with a view to providing steady returns for the 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 short-lived. 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, we will also maintain astringent 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.

We 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.

**MANAGEMENT DISCUSSION AND ANALYSIS OF NICE ABLE**

Set out below is the management discussion and analysis of Nice Able for the period from 2 July 2019 (date of incorporation) to 6 April 2020 (the “**Period**”), which should be read in conjunction with the accountant’s report of Nice Able in appendix II to this circular.

**BUSINESS REVIEW**

Nice Able is a private company incorporated in the British Virgin Islands with limited liability and its registered office is located at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands. During the Period, the principal business of Nice Able was property holding.

**FINANCIAL REVIEW****Revenue**

Nice Able did not generate any revenue during the Period.

**Capital structure**

The capital structure of Nice Able consists of net debt, which includes the amount due to Nice Able’s sole shareholder. As of 6 April 2020, the total number of issued share capital was 1, representing HK\$8.

**Net assets**

As at 6 April 2020, Nice Able recorded total assets of HK\$2,950,000, total liabilities of HK\$2,949,992 and total equity of HK\$8. The net asset value as at 6 April 2020 was HK\$8.

**Amount due to the sole shareholder**

The amount due to its sole shareholder is unsecured and interest-free. The loan is to be sold to the new shareholder. The new shareholder and the sole shareholder have confirmed they will not demand payment within twelve (12) months after the Period.

**Liquidity and financial position**

As at 6 April 2020, Nice Able had no cash and cash equivalents and there was no current assets.

As at 6 April 2020, Nice Able had total liabilities of HK\$2,949,992 and there were no bank and other borrowings by Nice Able.

**Treasury policies**

Nice Able generally finances its operations through borrowing from the sole shareholder.

**Exposure on Foreign Exchange Fluctuations**

During the Period, Nice Able did not have significant exposure to the fluctuation in exchange rates as most of its business transactions, assets and liabilities were principally dominated in Hong Kong dollars and thus, no financial currency hedging purposes was employed. The risk of exposure to the currency fluctuation was minimal.

**Dividends**

No dividend had been paid by Nice Able in respect of the Period.

**Significant investments, contingent liabilities and capital commitment**

During the Period, Nice Able had the capital commitments for (i) investment properties contracted but not provided for of HK\$56,000,000 and (ii) investment contracted but not provided for of HK\$173,370,000, totalling HK\$229,370,000. Below are the details of the such capital commitments:

***Success Mark Sale Share Agreement***

During the Period, Nice Able entered into the provisional agreement dated 25 March 2020 and later the formal Success Mark Sale Share Agreement dated 24 April 2020 (the major terms of which are in line with and have no material difference from the terms in the provisional agreement) for the acquisition of the entire issued share capital of and loan to Success Mark, a company incorporated in Hong Kong with limited liability, with a total consideration of HK\$58,000,000. Success Mark is the registered and legal owner of the Success Mark Property, being the unit on G/F., No. 93 Catchick Street, Hong Kong representing approximately 16.67% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as the Remaining Portion of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon.

At the time of signing the Success Mark Sale Share Agreement, there was one (1) tenancy agreement in force for the Success Mark Property.

Up to 6 April 2020, Nice Able had paid HK\$2,000,000 as an initial deposit under the Success Mark Sale Share Agreement (representing approximately 3.45% of the total consideration under the Success Mark Sale Share Agreement). A further deposit of HK\$3,800,000 was paid on 8 April 2020 and the remaining balance of HK\$52,200,000 will be settled on or before 22 July 2020, being the completion date of the Success Mark Sale Share Agreement.

***Property Purchase Agreements***

During the Period, Nice Able entered into ten (10) provisional agreements (collectively, the Property Purchase Agreements) with the respective Property Vendor(s) for the sale and purchase of the respective Catchick Street Properties. The Catchick Street Properties contain the following units:

- (i) 1/F., 2/F., 3/F., 4/F., 5/F and Roof, No. 93 Catchick Street, Hong Kong, representing approximately 83.33% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as The Remaining Portion of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon; and
- (ii) G/F., 1/F., 3/F., 4/F., 5/F and Roof, No. 95 Catchick Street, Hong Kong, representing approximately 83.33% of the equal undivided shares in all that piece or parcel of ground registered in the Land Registry as Sub-Section 7 of Section A of Marine Lot No. 245 and in the messuages erections and buildings thereon.

The total consideration under the Property Purchase Agreements was HK\$174,320,000.

At the time of signing of the respective Property Purchase Agreements, there were five (5) tenancy agreements in force which are:

- (i) Room A, 1/F., No. 93 Catchick Street, Hong Kong;
- (ii) Room B, 1/F., No. 93 Catchick Street, Hong Kong;
- (iii) Room C, 1/F., No. 93 Catchick Street, Hong Kong;
- (iv) 5/F and Roof, No. 93 Catchick Street, Hong Kong; and
- (v) G/F., No. 95 Catchick Street, Hong Kong.

Up to 6 April 2020, Nice Able had paid a total of HK\$950,000 as the total initial deposits under the Property Purchase Agreements (representing approximately 0.54% of the total consideration under the Property Purchase Agreements). A further deposit of HK\$15,820,000 was paid on 8 April 2020 and the remaining balance of HK\$157,550,000 will be settled on or before 22 July 2020, being the completion date of the respective Property Purchase Agreements (except for the unit on 3/F., No. 95 Catchick Street, Hong Kong (probate in progress) which Nice Able has the right to cancel such agreement if the grant of probate cannot be obtained by the Property Vendor thereto on or before 31 December 2020).



**Remunerations****(i) Director's remuneration**

No remuneration was paid to Nice Able's sole director during the Period.

**(ii) Employees' remuneration**

Nice Able has no employees. No remuneration was paid to any employees during the Period.

**Charges on assets**

No charge on assets had been made by Nice Able in respect of the Period.

**Gearing ratio**

As at 6 April 2020, the gearing ratio (being the ratio of total liabilities to total assets) of Nice Able was approximately 99.99%.

**Events after the Period**

Up to 6 April 2020, Nice Able had paid a total of HK\$2,950,000 as an initial deposit under the Success Mark Sale Share Agreement and the Property Purchase Agreements. A further deposit of a total of HK\$19,620,000 was paid on 8 April 2020. Stamp duty of HK\$20,886,000 and HK\$20,660,000 was paid on 20 April 2020 and 21 April 2020 respectively. The remaining balance of a total of HK\$209,750,000 is payable on or before 22 July 2020.

*The following is the text of a letter and property valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Property as at 3rd April 2020:*

**Vigers Appraisal and Consulting Limited**

*International Property Consultants*

27/F, Standard Chartered Tower,

Millennium City 1, 388 Kwun Tong Road, Kowloon, Hong Kong

Tel: (852) 6651-5330 E-mail: gp@vigers.com

www.vigers.com



21st May 2020

**The Board of Directors**

**Eminence Enterprise Limited**

Block A, 7th Floor,

Hong Kong Spinners Industrial Building Phase 6,

Nos. 481–483 Castle Peak Road,

Cheung Sha Wan, Kowloon, Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the Property to be acquired by a wholly-owned subsidiary of “**Eminence Enterprise Limited**” (referred to as the “**Company**” and collectively referred to with its subsidiaries as the “**Group**”), we confirm that we have inspected the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 3rd April 2020 (the “**Valuation Date**”).

**BASIS OF VALUE**

Our valuation is our opinion of market value of the Property which is defined as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”. Our valuation has been prepared in accordance with “The HKIS Valuation Standards (2017 Edition)” published by “The Hong Kong Institute of Surveyors” (“**HKIS**”), “RICS Valuation – Global Standards 2017” published by the “Royal Institution of Chartered Surveyors” (“**RICS**”), relevant provisions in the Companies Ordinance and the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (Main Board) published by “The Stock Exchange of Hong Kong Limited” (“**HKEx**”).

**VALUATION APPROACH**

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

**TITLE INVESTIGATIONS**

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

**VALUATION CONSIDERATION**

On-site external inspection to the Property was carried out by Mr. Jeff M.C. LIU *BSc(Hons)* on 31st March 2020. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other parts of the structures of the Property which was covered, unexposed or inaccessible to us. We are therefore unable to report whether such part of the Property is free from any structural or non-structural defect.

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

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

**VALUATION ASSUMPTIONS**

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

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

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

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

### **REMARKS**

The outbreak of the “Novel Coronavirus” (“**COVID-19**”), declared by the “World Health Organisation” as a “Global Pandemic” on 11th March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries. Market activity is being impacted in many sectors. As at the Date of Valuation, we consider that we can attach less weight to previous market evidence for comparison purpose, to inform our opinion of values. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. Our valuations are therefore reported on the basis of “material uncertainty” in accordance with “VPS3 Valuation Reports” and “VPGA10 Matters that may give Rise to Material Valuation Uncertainty” of “RICS Valuation – Global Standards” published by the RICS as well as “VS9 Reporting” of “The HKIS Valuation Standards (2017 Edition)” published by the HKIS. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuations of the properties under frequent review.

We hereby confirm that:

- (1) we have no present or prospective interest in the Property; and are not a related corporation of nor having a relationship with the Group or other party/parties who the Group is contracting with;
- (2) we are authorised to practise as external valuer and have the necessary expertise and experience in valuing similar types of properties;
- (3) our valuation has been prepared on a fair and unbiased basis;
- (4) the valuer’s compensation is not contingent upon reporting of a predetermined value or direction in value that favours the cause of the vendor or purchaser, the amount of the value estimate, the attainment of a stipulated result, or occurrence of subsequent event; and
- (5) we are independent of the Group.

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

We enclose herewith the core content of our valuation report.

Yours faithfully,  
For and on behalf of

**VIGERS APPRAISAL AND CONSULTING LIMITED**

**David W. I. CHEUNG**

*MRICS MHKIS RPS(GP) CREA*

**RICS Registered Valuer**

**Executive Director**

**Eric W. L. TANG**

*MRICS*

**RICS Registered Valuer**

**Director**

*Note:*

Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 37 years’ valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 12-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 16 years’ valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 12-year of experience with Vigers Appraisal and Consulting Limited.

## Property to be acquired by the Group

The Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Valuation Date
Ground Floor to Fifth Floor & Roof, No. 93 Catchick Street and Ground Floor, First Floor, Third Floor, Forth Floor, Fifth Floor & Roof, No. 95 Catchick Street, Hong Kong (the "Property")	Completed in 1962, Nos. 93-95 Catchick Street (the "Development") is located at the northwestern side of Catchick Street near its junction with Davis Street in Kennedy Town district on the Hong Kong Island. The Development comprises two 5-storey of tenement buildings erected over 1 storey of commercial podium.	According to the information provided by the Group, the occupancy status of the Property is summarized in Note 4 below.	i. The existing use value of the Property subject to the existing tenancies for tenanted portion and assuming sale with the benefit of immediate vacant possession for owner-occupied portion is HK\$124,900,000 only.
All those 11/12th shares or parcels of ground known and registered at the Land Registry as in The Remaining Portion and Sub-Section 7 of Section A of Marine Lot No. 245	Upon our inspection and according to the information provided by the Group, the Property comprises 9 residential units and 2 retail shops with a total saleable area of approximately 621.41 square metres (or 6,691 square feet). The breakdown of areas of the Property is listed in Note 3 below.		ii. The site value of the 100% interests of the Site assuming bare site status redevelopment is HK\$276,000,000 only.
	The Development is erected on 2 parcels of sites with a total registered site area of 202.7339 square metres (or 2,182.25 square feet) approximately.		iii. The site value attribute to the Property is HK\$260,000,000 only.
	Marine Lot No. 245 is held under Government Lease for a term of 999 years from 24th June 1892.		

## Note:

- Pursuant to the recent land registration record, the current registered owners of the Property are listed as below:

Property	Registered Owner and Last Transaction
G/F, No. 93 Catchick Street	SUCCESS MARK INVESTMENTS LIMITED vide Memorial No. 11031102620227 dated 15th February 2011
1/F, No. 93 Catchick Street	i. YEUNG HUNG PING (Tenant in Common (1/2)) vide Memorial No. 13071601080097 dated 28th June 2013 ii. CHAN YIN I (Executrix (1/2)) vide Memorial No. 19121600450018 dated 28th November 2019
2/F, No. 93 Catchick Street	LEONG YUK YING vide Memorial No. 11120101700052 dated 21st November 2011
3/F, No. 93 Catchick Street	CHAN WAN YEE WENDY vide Memorial No. UB9157861 dated 3rd March 2004
4/F, No. 93 Catchick Street	WAN HO YUEN vide Memorial No. UB4656243 dated 18th December 1990
5/F and Roof, No. 93 Catchick Street	FUNG WAI YING vide Memorial No. 16122101350250 dated 16th December 2016
G/F, No. 95 Catchick Street	FIRST RESOURCES INTERNATIONAL LIMITED vide Memorial No. UB5444108 dated 28th August 1992

Property	Registered Owner and Last Transaction
1/F, No. 95 Catchick Street	LAU WAI HUNG (Joint Tenant) and CHAN KIN SUM (Joint Tenant) vide Memorial No. UB4766505 dated 9th April 1991
3/F, No. 95 Catchick Street	LEE CHIU PO vide Memorial No. UB3524342 dated 29th September 1987
4/F, No. 95 Catchick Street	CHOY YING NGOR vide Memorial No. UB4221515 dated 30th September 1989
5/F and Roof, No. 95 Catchick Street	YUEN SIU-WAH vide Memorial No. UB1308686 dated 29th September 1976

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

Property	:	Encumbrances
G/F to 5/F and Roof, No. 93 Catchick Street	:	Deed of Mutual Covenants vide Memorial No. UB378648 dated 27th September 1962;
G/F, 1/F, 3/F to 5/F and Roof, No. 95 Catchick Street	:	Deed of Covenant vide Memorial No. UB1308687 dated 29th September 1976;

3. As measured from the approved General Building Plans and the information from the Rating and Valuation Department, the floor areas of the Property are tabulated as follows:

Property	Saleable Area	Ancillary Area	Remarks
G/F, No. 93 Catchick Street	55.09 square metres or 593 square feet	8.08 square metres or 87 square feet	Yard
1/F, No. 93 Catchick Street	50.90 square metres or 548 square feet	13.70 square metres or 147 square feet	Flat Roof
2/F, No. 93 Catchick Street	50.90 square metres or 548 square feet		
3/F, No. 93 Catchick Street	50.90 square metres or 548 square feet		
4/F, No. 93 Catchick Street	50.90 square metres or 548 square feet		
5/F and Roof, No. 93 Catchick Street	50.90 square metres or 548 square feet	35.95 square metres or 387 square feet	Roof
G/F, No. 95 Catchick Street	67.82 square metres or 730 square feet	8.36 square metres or 90 square feet	Yard
1/F, No. 95 Catchick Street	61.00 square metres or 657 square feet	10.30 square metres or 111 square feet	Flat Roof
3/F, No. 95 Catchick Street	61.00 square metres or 657 square feet		
4/F, No. 95 Catchick Street	61.00 square metres or 657 square feet		
5/F and Roof, No. 95 Catchick Street	61.00 square metres or 657 square feet	46.73 square metres or 503 square feet	Roof

4. According to the information provided by the Group, the occupancy status of the Property is summarized as follows:

Property	Occupancy Status	Lease Expiry Date	Monthly Rent
G/F, No. 93 Catchick Street	Tenanted	2nd May 2020	HK\$60,000
1/F, No. 93 Catchick Street	Tenanted	19th June 2020	HK\$25,600
2/F, No. 93 Catchick Street	Owner-occupied	Not applicable	Not applicable
3/F, No. 93 Catchick Street	Owner-occupied	Not applicable	Not applicable
4/F, No. 93 Catchick Street	Owner-occupied	Not applicable	Not applicable
5/F and Roof, No. 93 Catchick Street	Tenanted	1st August 2021	HK\$23,500
G/F, No. 95 Catchick Street	Tenanted	11th May 2021	HK\$85,000
1/F, No. 95 Catchick Street	Owner-occupied	Not applicable	Not applicable
3/F, No. 95 Catchick Street	Owner-occupied	Not applicable	Not applicable
4/F, No. 95 Catchick Street	Owner-occupied	Not applicable	Not applicable
5/F and Roof, No. 95 Catchick Street	Owner-occupied	Not applicable	Not applicable

5. The Development is located at the northwestern side of Catchick Street near its junction of Davis Street in Kennedy Town district on Hong Kong Island. The locality is a traditional residential area dominated by low to medium rise residential buildings with various ages. The accessibility is considered reasonable with public transportation such as buses, light buses and taxis well served. The MTR Kennedy Town Station is located with 10 minutes' walk away from the Property.

6. Pursuant to Government Lease of Marine Lot No. 245, the Property is subject to the salient land lease conditions extracted as follows:

*“...the said Lessee, their Executors, Administrators or Assigns, or any other person or persons, shall not nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, the trade or business of a Brazier, Slaughterman, Soap-maker, Sugar-baker, Fellmonger, Melter of tallow, Oilman, Butcher, Distiller, Victualler, or Tavern-keeper, Blacksmith, Nightman, Scavenger, or any or other noisy, noisome or offensive trade or business whatever, without the previous licence of His Majesty...”*

7. The Property falls within an area zoned “Residential Group A” on Draft Kennedy Town & Mount Davis Outline Zoning Plan No. S/H1/20 (“**the Outline Zoning Plan**”) exhibited on 11th March 2016. According to the explanatory note attached to the Outline Zoning Plan, on land designated “Residential Group A”, no new development, or addition, alternation and/or modification to or redevelopment of an existing building shall result in a total development and/or redevelopment in excess of a maximum building heights of 100 metres above Principal Datum, or the height of the existing building whichever is the greater.

8. In our valuation, we have compared the asset with identical or comparable (that is similar) assets for which price information is available. Comparable properties with similar character, location and so on are analysed and carefully weighed against all respective advantages and disadvantages of the Property in order to arrive at the fair comparison of value.

The unit rates of comparable transactions are in the range of about HK\$9,365 to HK\$12,779 per square foot for domestic units and about HK\$32,712 to HK\$78,896 per square foot for retail shops. Our valuation falls within these ranges.

9. In assessing the site value attributable to the Property, we have apportioned the 100% site value in accordance with the proportion of the existing use value of the Property to the total existing use value of all the units in the Development currently erected on the Site, which is assessed to be HK\$132,600,000 only. No allowance has been given to the possible costs, which are required for the amalgamation of the 100% shares of the Lot either by private negotiation or by the compulsory sale order under Land (Compulsory Sale For Redevelopment) Ordinance (Cap. 545).



## 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) Interests of Directors and Chief Executive of the Company

As at the Latest Practicable Date, the interests of the Directors and the chief executive of the Company or their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Director or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the “**Model Code**”) were as follows:

#### *Long positions in the Shares and underlying Shares*

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Lui Yuk Chu	Interest of controlled corporation ( <i>Note</i> )	255,887,665	94,457,553	350,345,218	37.61%

#### *Note:*

In the 255,887,665 Shares, 71,055,000 Shares, 23,387,370 Shares and 161,445,295 Shares are registered in the name of and beneficially owned by Ace Winner Investment Limited, Landmark Profits Limited and Goodco Development Limited (“**Goodco**”) respectively, all of which are wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, is interested in approximately 19.09% of the issued share capital of Easyknit. The 94,457,553 underlying Shares comprise of (i) 6,088,511 convertible Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 11 May 2017; (ii) 11,445,966 convertible Shares (subject to adjustment) to be issued upon full conversion of another convertible note held by Goodco issued by the Company on 26 September 2017; and (iii) 76,923,076 convertible Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 28 August 2019. Ms. Lui Yuk Chu is the spouse of Mr. Koon Wing Yee. By virtue of the SFO, Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 255,887,665 Shares and the 94,457,553 underlying Shares in which Ms. Lui Yuk Chu is interested.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which the Director or the chief executive of the Company would be taken or deemed to have under such provisions of the SFO), or (ii) entered in the register kept by the Company under Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Substantial Shareholders' interests in the Shares and underlying Shares**

As at the Latest Practicable Date, so far as is known to any Director or the chief executive of the Company, the following persons had an interest in the Shares and 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 as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Substantial Shareholder	Notes	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of the total issued Shares
Koon Wing Yee	<i>i</i>	Interest of spouse	255,887,665	94,457,553	350,345,218	37.61%
Ace Winner Investment Limited	<i>i &amp; vi</i>	Beneficial owner	71,055,000	–	71,055,000	7.63%
Goodco	<i>i &amp; vi</i>	Beneficial owner	161,445,295	94,457,553	255,902,848	27.47%
Easyknit	<i>i, ii &amp; vi</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Magical Profits Limited	<i>i, ii &amp; vi</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Accumulate More Profits Limited	<i>i &amp; ii</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
The Winterbotham Trust Company Limited	<i>i &amp; ii</i>	Trustee	255,887,665	94,457,553	350,345,218	37.61%
Winterbotham Holdings Limited	<i>ii</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Markson International Holding Limited	<i>ii</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Christopher Geoffrey Douglas Hooper	<i>ii</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Ivan Geoffrey Douglas Hooper	<i>ii</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Sea Rejoice Limited	<i>i &amp; iv</i>	Interest of controlled corporation	255,887,665	94,457,553	350,345,218	37.61%
Madian Star Limited	<i>iii</i>	Beneficial owner	6,250,000	40,994,419	47,244,419	5.07%
Hu Rong		Beneficial owner	47,030,000	–	47,030,000	5.05%

*Notes:*

- i. In the 255,887,665 Shares, 71,055,000 Shares, 23,387,370 Shares and 161,445,295 Shares are registered in the name of and beneficially owned by Ace Winner Investment Limited, Landmark Profits Limited and Goodco respectively, all of which are wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited, which is wholly-owned by Ms. Lui Yuk Chu, is interested in approximately 19.09% of the issued share capital of Easyknit. Magical Profits Limited, which is interested in approximately 31.95% of the issued share capital of Easyknit, is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu's family members other than herself and her spouse). The 94,457,553 underlying Shares comprise of (i) 6,088,511 convertible Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 11 May 2017; (ii) 11,445,966 convertible Shares (subject to adjustment) to be issued upon full conversion of another convertible note held by Goodco issued by the Company on 26 September 2017; and (iii) 76,923,076 convertible Shares (subject to adjustment) to be issued upon full conversion of the convertible note held by Goodco issued by the Company on 28 August 2019. Ms. Lui Yuk Chu is the spouse of Mr. Koon Wing Yee. By virtue of the SFO, Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in 255,887,665 Shares and the 94,457,553 underlying Shares in which Ms. Lui Yuk Chu is interested.
- ii. The Winterbotham Trust Company Limited is trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu's family members other than herself and her spouse). The Winterbotham Trust Company Limited is owned as to 75% by Winterbotham Holdings Limited ("**Winterbotham Holdings**") and 25% by Markson International Holding Limited ("**Markson**") respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. Approximately 99.99% of Markson is owned by Mr. Ivan Geoffrey Douglas Hooper.
- iii. The 40,994,419 underlying Shares are the convertible Shares to be issued (subject to adjustment) upon the full conversion of the convertible note issued by the Company to Madian Star Limited on 12 June 2015.
- iv. Ms. Lui Yuk Chu, a Director, is also a director of Ace Winner Investment Limited, Goodco, Easyknit, Magical Profits Limited and Sea Rejoice Limited.

Apart from Ms. Lui Yuk Chu, no Director is also a director or employee of any Substantial Shareholders.

Save as disclosed herein, as at the Latest Practicable Date, the Company had not been notified by any persons who had interests or short positions in the Shares and 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 which were required to be recorded in the register kept by the Company under Section 336 of the SFO.

### 3. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any of its subsidiaries.

### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

### 5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

<b>Name of director</b>	<b>Name of company</b>	<b>Nature of competing business</b>	<b>Nature of interest</b>
Lui Yuk Chu	Easyknit	Property investment, property development, securities investment and loan financing	Director of Easyknit and Substantial Shareholder of Easyknit

Save as disclosed in this circular, at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

### 6. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors was interested in any contract of arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting at the Latest Practicable Date and which is 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 acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 March 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

## 7. MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two (2) years immediately preceding and including the Latest Practicable Date:

- (a) a conditional sale and purchase agreement dated 19 November 2018 entered into between Kingbest Capital Holdings Limited (a wholly-owned subsidiary of the Company), as seller, and Gold Anchor Developments Limited (a wholly-owned subsidiary of Easyknit), as purchaser, in relation to a company that owns the property known as Nos. 14-20 Inverness Road, Kowloon, Hong Kong registered in the Land Registry as New Kowloon Inland Lot No. 6573 for a consideration of HK\$1,035,000,000;
- (b) a conditional sale and purchase agreement dated 19 November 2018 entered into between Easyknit Properties Holdings Limited (a wholly-owned subsidiary of Easyknit), as seller, and Sonic Hover Limited (a wholly-owned subsidiary of the Company), as buyer, in relation to a company (the “**Easyknit Sale Company**”) that owns the property known as Easy Tower, No. 609 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong registered in the Land Registry as New Kowloon Inland Lot No. 6238 by a consideration of HK\$470,000,000;
- (c) a property management agreement dated 8 March 2019 entered into between UrbanMode (HK) Limited, a wholly-owned subsidiary of Easyknit, as manager, and the Easyknit Sale Company, as registered owner, for the management of Easy Tower by UrbanMode (HK) Limited;
- (d) a subscription agreement dated 26 March 2019 entered into by between a wholly-owned subsidiary of the Company and Templewater I, G.P in relation to the subscription of the limited partnership interests in a limited partnership with a capital commitment of US\$5 million;
- (e) a third deed of amendment (the “**Third Deed**”) dated 26 March 2019 entered into between the Company and Madian Star Limited in relation to the alteration of the subscription price under a convertible note held by Madian Star Limited and convertible into Shares;
- (f) a fourth deed of amendment dated 8 April 2019 entered into between the Company and Madian Star Limited in relation to the termination and replacement of the Third Deed, alteration of the subscription price under a convertible note held by Madian Star Limited and convertible into Shares and imposition of restrictions on conversions that would lead to an offer being required under Rule 26 of the Takeovers Code and/or the Company breaching the public float requirement under the Listing Rules;
- (g) a sale and purchase agreement dated 24 May 2019 entered into between Lion Capital Investment Limited (a wholly-owned subsidiary of the Company), as seller, and Create Success Investments Limited, as purchaser, in relation to the sale and purchase of the shares of certain wholly-owned subsidiaries of the Company, which own office units 01, 02, 03, 05, 06, 07, 08 and 09 on the 12th Floor and carparking spaces numbers 329, 330 and 331 on the 3rd Floor of Capital Centre, No. 151 Gloucester Road, Hong Kong, and a related loan;

- (h) the subscription agreement dated 17 June 2019 between the Company, as issuer, and Goodco, as subscriber, relating to the issue by the Company to Goodco a convertible note in the principal amount of HK\$70,000,000, conferring rights to convert at any time before 28 August 2024 the principal amount into the Shares at a conversion price which is currently HK\$0.91 per Share (after adjustment);
- (i) a sale and purchase agreement dated 9 July 2019 entered into between Above Ace Limited, a wholly-owned subsidiary of the Company, as buyer, and Ng Kwai Tung, as seller, in relation to the sale and purchase of Real Supreme Limited and Extra Glory Limited and their respective shareholders' loans;
- (j) an underwriting agreement dated 4 November 2019 entered into between the Company and Get Nice Securities Limited, as underwriter, in relation to, inter alia, a rights issue of the Company on the basis of four rights Shares for every one consolidated Share;
- (k) two loan agreements dated 16 January 2020 and 11 March 2020 respectively entered into between City China International Limited, a wholly-owned subsidiary of the Company, as lender, and Victor Or, as borrower, in relation to the granting of loans in the total principal amount of HK\$34,000,000; and
- (l) the Agreement for Sale and Purchase.

## 8. EXPERTS AND CONSENTS

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

<b>Name</b>	<b>Qualification</b>
ZHONGHUI ANDA CPA Limited	Certified Public Accountants
Vigers Appraisal and Consulting Limited	Independent Professional Valuer

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 2019 (being the date to which the latest published audited consolidated 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 letter(s) and the reference(s) to their names in the form and context in which they respectively appear.

**9. GENERAL**

- (a) The company secretary of the Company is Mr. Lee Po Wing, a practising solicitor since 1994.
- (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular and the enclosed proxy form shall prevail 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 from the date of this circular up to and including the date of the SGM:

- (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 2017, 2018 and 2019 and the interim report of the Company for the six months ended 30 September 2019;
- (c) the accountant's report on Nice Able and Success Mark issued by ZHONGHUI ANDA CPA Limited as set out in appendix II to this circular;
- (d) the letter from ZHONGHUI ANDA CPA Limited, the reporting accountant, in respect of the accountant's report on unaudited pro forma financial information of the Enlarged Group, as set out in appendix III to this circular;
- (e) the valuation report prepared by Vigers as set out in appendix VI to this circular;
- (f) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix;
- (g) the written consents referred to in the paragraph headed "Experts and Consents" in this appendix; and
- (h) a copy of each circular issued by the Company since 31 March 2019 pursuant to the requirements of Chapters 14 and/or 14A of the Listing Rules, including this circular.

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## NOTICE OF SGM

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**Meeting**”) of Eminence Enterprise Limited (the “**Company**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Monday, 8 June 2020 at 9:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed, with or without amendment, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the agreement for sale and purchase (the “**Agreement for Sale and Purchase**”) dated 6 April 2020, a copy of which has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification, entered into between the Company’s subsidiary, Success Edge Limited, and Ng Kwai Tung in relation to the acquisition of the entire issued share capital of and a loan to Nice Able Holdings Limited, and the transactions contemplated thereunder, be and are hereby approved and ratified, and **THAT** the directors of the Company (the “**Directors**”) be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purposes of or in connection with implementing, completing and giving effect to the Agreement for Sale and Purchase and the transactions contemplated thereunder.”

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

Hong Kong, 21 May 2020

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of business in Hong Kong:*

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



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## NOTICE OF SGM

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*Notes:*

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the Meeting may appoint another person as his proxy to attend and vote instead of him. A shareholder of the Company who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at the Meeting. A proxy need not be a shareholder of the Company. In addition, a proxy or proxies representing either a shareholder of the Company who is an individual or a shareholder of the Company which is a corporation shall be entitled to exercise the same power on behalf of the shareholder of the Company which he or they represent as such shareholder of the Company could exercise.
4. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the Meeting and, in default, the instrument of proxy shall not be treated as valid.
5. Completion and return of an instrument appointing a proxy shall not preclude a shareholder of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing the relevant proxy shall be deemed to have been revoked.
6. Where there are joint registered 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 were solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, the person whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
7. For the purpose of determining Shareholders' eligibility to attend and vote at the Meeting, the register of members will be closed from Wednesday, 3 June 2020 to Monday, 8 June 2020, both dates inclusive. During such period, no Share transfers will be registered. In order to qualify to attend and vote at the Meeting, all transfers of Shares forms accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 2 June 2020.
8. As at the date hereof, the board of Directors comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as executive Directors, and Mr. Kan Ka Hon, Mr. Lau Sin Ming and Mr. Wu Koon Yin Welly as independent non-executive Directors.

*In case of any inconsistency, the English version of this notice shall prevail over the Chinese version.*