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EMINENCE ENTERPRISE LIMITED

高山企業有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 616)

**(1) CONNECTED TRANSACTION RELATING TO THE
PROPOSED ISSUE OF 2017CB UNDER SPECIFIC MANDATE;
AND
(2) ISSUE OF REVISED CONVERSION SHARES OF 2015CB
UNDER SPECIFIC MANDATE**

(A) THE SUBSCRIPTION AGREEMENT AND 2017CB

On 1 March 2017, the Company 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 2017CB in the aggregate principal amount of HK\$16,000,000. Completion of the Subscription Agreement is subject to the Conditions Precedent. Terms of the 2017CB are summarised in the paragraph headed “Principal terms of the 2017CB” in this announcement.

Assuming that the conversion rights (as defined in the paragraph headed “Principal terms of the 2017CB” below) in relation to the total principal amount of the 2017CB of HK\$16,000,000 are exercised in full at the conversion price of HK\$0.16 per Conversion Share, a total of up to 100,000,000 Conversion Shares will be allotted and issued, representing approximately 5.23% of the issued share capital of the Company as at the date of this announcement and approximately 4.97% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the Conversion Shares, there will be no change to the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from full exercise of the conversion rights).

The gross proceeds from the issue of the 2017CB will be HK\$16,000,000 and the net proceeds are estimated to be approximately HK\$15,500,000 and shall be applied for the working capital of the Group.

The Company has established the Independent Board Committee comprising all its independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming, Mr. Foo Tak Ching and Mr. Wu Koon Yin Welly, to advise the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares), taking into account the advice of the Independent Financial Adviser. Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau, being non-executive Directors, are also non-executive Directors of Easyknit. In order to avoid any conflicts of interest, Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau will not be the members of the Independent Board Committee.

After obtaining the approval of the Independent Board Committee, the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares).

(B) REVISION OF 2015CB TERMS

On 1 March 2017, the Company and Madian entered into the Second Deed of Amendment in respect of the Proposed Alterations. Pursuant to the Proposed Alterations, the exercise period is proposed (1) to revise the exercise period from 2 years to 7 years; (2) to revise the conversion price from HK\$0.33 per conversion share to HK\$0.16 per Revised Conversion Share; (3) to revise the annual interest rate from 2% to 3% and the interest shall be payable in semi-yearly in arrears.

The Proposed Alterations is subject to the conditions as set out in the paragraph headed “Conditions precedent” below.

LISTING RULES IMPLICATIONS

For the issuance of 2017CB, since the Subscriber is interested in approximately 19.30% of the issued share capital of the Company, is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules.

The Subscriber, and the parties acting in concert (including but not limited to Easyknit and Landmark Profits) shall abstain from voting at the SGM on the resolution approving the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the 2017CB, the allotment and issue of the Conversion Shares).

For the issuance of the Revised Conversion Shares, according to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An application shall be made by the Company to the Stock Exchange.

A circular of the Company containing, among other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares); (ii) the relevant recommendations of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) Proposed Alterations and the allotment and issue of the Revised Conversion Shares; and (v) a notice convening the SGM will be despatched to the Shareholders on or before 22 March 2017.

The Board is pleased to announce that on 1 March 2017, the Company entered into (1) the Subscription Agreement with the Subscriber; and (2) the Second Deed of Amendment with Madian, details of which are set out below.

A. THE SUBSCRIPTION AGREEMENT

1. Parties to and date of the Subscription Agreement

Date: 1 March 2017

Parties: Eminence (as the issuer); and
Goodco Development Limited (as the subscriber), a substantial shareholder of the Company as at the date of this announcement

2. Issue of the 2017CB

Pursuant to the Subscription Agreement, Eminence has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the 2017CB in the aggregate principal amount of HK\$16,000,000, which will be issued on face value.

3. Conditions Precedent

Completion of the Subscription Agreement is conditional upon the fulfillment of the following:

- (a) the Independent Shareholders having passed the ordinary resolutions at the SGM to approve the Subscription Agreement and the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares in accordance with the requirements of the Listing Rules; and
- (b) the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares.

If any of the Conditions Precedent has not been fulfilled on or before 31 May 2017 or such other date as may be agreed in writing by the Company and the Subscriber, the Subscription Agreement will lapse and the parties thereto will be released from all obligations therein, save for liabilities for any antecedent breaches of the Subscription Agreement.

4. Conversion Price and Exercise Price

The initial conversion price of HK\$0.16 per conversion share represents:

- (i) a premium of approximately 1.91% over the closing price of HK\$0.157 per Share as quoted on the Stock Exchange on 28 February 2017, being the last trading day before the date of the Subscription Agreement;
- (ii) a discount of approximately 1.84% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 28 February 2017, being approximately HK\$0.163 per Share;
- (iii) a premium of approximately 5.33% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including 28 February 2017, being approximately HK\$0.169 per Share; and

- (iv) a discount of approximately 8.05% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last six months up to and including 28 February 2017, being approximately HK\$0.174 per Share.

5. Completion

Subject to all the Conditions Precedent having been fulfilled, completion of the Subscription Agreement shall take place on the second Business Day after satisfying the conditions above, or such other date as may be agreed by the Company and the Subscriber in writing. Upon completion of the Subscription Agreement, the net proceeds of the 2017CB of HK\$15,500,000 will be used for the general working capital of the Group.

6. Principal Terms of the 2017CB

The principal terms of the 2017CB are summarised below:

Total issue price and principal amount upon issue: HK\$16,000,000

Maturity Date: The date falling on the fifth anniversary of the issue date, on which all outstanding principal amount, together with all outstanding accrued interests, of the 2017CB will become due and payable by the Company to the noteholder.

Redemption price at maturity: 100% of the outstanding principal amount of the 2017CB on the maturity date, together with all unpaid and accrued interest due on the outstanding principal amount of the 2017CB.

Redemption: The Company may at any time before the maturity date by written notices to the Subscriber, and with consent of Subscriber, redeem the 2017CB (in whole or in part) at 100% to the principal amount of the part of the 2017CB to be redeemed.

Any amount of the 2017CB which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.

Any amount of the 2017CB which is redeemed by the Company will be forthwith cancelled.

Interest: 2017CB will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 3.0% per annum. Interest will be payable semi-yearly in arrears. In the event that the Company does not pay any sum payable under the 2017CB when due, a default interest at the rate of 5% per annum for the relevant default payment period will be payable by the Company.

The interest rate was determined by the parties after arm's length negotiations and with references to: (i) the prevailing market conditions; and (ii) the indicative costs of mid-term/long-term debt finance (without any pledges and securities) preliminarily quoted to Eminence by its banks upon general enquiries.

Conversion Rights: A noteholder will have the rights to convert the whole or part of the outstanding principal amount of a 2017CB (in amount of not less than a whole multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the 2017CB to be converted is less than HK\$1,000,000 in which case the whole (but not part only) of that amount shall be converted) into the Conversion Shares at any time during the conversion period (as detailed below) at the conversion price (subject to adjustments).

The Company will not be obliged to issue any Conversion Shares if (i) immediately following the conversion, the Company will be unable to meet the prescribed minimum public float requirement under the Listing Rules; or (ii) a mandatory general offer will be required to be made by the noteholder and parties acting in concert with it under the Takeovers Code unless a whitewash waiver is obtained.

Conversion Period: The period from the date falling on the issue date up to and including the date falling on the fifth last Business Day prior to the maturity date.

Conversion Price: 2017CB shall be converted at the conversion price. Upon issue of the 2017CB, the initial conversion price will be HK\$0.16 per conversion share (subject to adjustments).

The conversion price shall be adjusted as provided in the 2017CB instrument in each of the following cases:

- (i) an alteration of the number of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (iii) a capital distribution (as defined in the 2017CB instrument) being made by the Company, whether on a reduction of capital or otherwise, to holders of the Shares in their capacity as such;
- (iv) an offer or grant being made by the Company to holders of Shares by way of rights or of options or warrants to subscribe for new Shares at a price which is less than 80 per cent. of the market price;
- (v) an issue wholly for cash or for reduction of liabilities being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share (as defined in the Convertible Notes instrument) initially receivable (or in the case of reduction in liabilities, the amount of liabilities to be

reduced) for such securities is less than 80 per cent. of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80 per cent. of the market price;

- (vi) an issue being made by the Company wholly for cash or for reduction of liabilities of Shares at a price per Share less than 80 per cent. of the market price;
- (vii) an issue being made by the Company of Shares for the acquisition of asset at a total effective consideration per Share (as defined in the 2017CB instrument) less than 80 per cent. of the market price; and
- (viii) an issue wholly made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares for the acquisition of asset, if in any case the total effective consideration per Share (as defined in the 2017CB instrument) initially receivable for such securities is less than 80 per cent. of the market price.

If there is any adjustment event occurred which leads to the number of Conversion Shares issuable under the 2017CB exceeds the specific mandate threshold, then the Subscriber shall be entitled to convert the 2017CB into such number of Conversion Shares subject to the specific mandate threshold based on the adjusted conversion price and any outstanding remaining principal amount of the 2017CB shall be redeemed by the Company on the maturity date in accordance with the terms herein.

Ranking of the
Conversion
Shares:

The Conversion Shares, when allotted and issued upon exercise of the conversion rights, shall rank *pari passu* in all respects with all other then issued Shares as at the date of the relevant conversion notice and shall be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the relevant conversion notice.

Transferability:

No assignment or transfer (whether in whole or in part(s)) of the 2017CB may be made unless it is made to (i) the holding company; (ii) the subsidiaries; or (iii) associates of the noteholder.

Voting:

The noteholder will not be entitled to attend or vote at any meetings of the Company by reason only of being the noteholder.

Others: Upon execution of the Subscription Agreement, the Subscriber has undertaken not to exercise the Conversion Rights if it would result in (a) the non-compliance of the prescribed minimum public float requirement under the Listing Rules applicable to Eminence; or (b) a mandatory general offer for the Shares being required to be made by the Subscriber and the parties acting in concert with it under the Takeovers Code unless the whitewash waiver is obtained.

Assuming that the conversion rights in relation to the total principal amount of the 2017CB of HK\$16,000,000 are exercised in full at the conversion price of HK\$0.16 per Conversion Share, a total of up to 100,000,000 Conversion Shares will be allotted and issued, representing approximately 5.23% of the issued share capital of the Company as at the date of this announcement and approximately 4.97% of the issued share capital of the Company as enlarged by the allotment and issue of such Conversion Shares (assuming that save for the issue of the 100,000,000 Conversion Shares, there will be no change to the issued share capital of the Company from the date of this announcement up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the conversion rights).

The Company will seek a specific mandate from the Independent Shareholders for the allotment and issue of the Conversion Shares of 2017CB at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon exercise of the Conversion Rights. No application will be made for the listing of the 2017CB on the Stock Exchange or any other stock exchange.

INFORMATION ON THE SUBSCRIBER AND EASYKNIT

The Subscriber is a company incorporated in British Virgin Islands with limited liability and is a substantial Shareholder holding 363,781,184 Shares, representing approximately 19.03% of the issued share capital of the Company as at the date of this announcement. It is a wholly-owned subsidiary of Easyknit.

Easyknit is principally engaged in property investment, property development, securities investment and money lending business.

SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately upon the issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB	
	Number of Shares	%	Number of Shares	%
The Subscriber and parties acting in concert with it				
Landmark Profits	93,549,498	4.89	93,549,498	4.65
The Subscriber				
- Shares	363,781,194	19.03	363,781,194	18.07
- underlying Shares of 2014CB (notes 1 & 3)	880,281	-	880,281	0.04
- underlying Shares of 2017CB (note 2 & 3)	-	-	100,000,000	4.97
Sub-total	457,330,692	23.92	558,210,973	27.73
2015CB (note 4)	260,606,060	-	260,606,060	-
Public Shareholders	1,454,501,367	76.08	1,454,501,367	72.27
Total	1,911,832,059	100.00	2,012,712,340	100.00

Notes:

1. The entire issued share capital of the Subscriber is indirectly held by Easyknit.
2. The entire issued share capital of Landmark Profits is directly held by Easyknit.
3. The Subscriber and Landmark Profits, are wholly-owned subsidiaries of Easyknit and are presumed to be acting in concert for the purpose of the Takeovers Code.
4. Pursuant to the terms of the 2015CB, Madian Star Limited may convert at any time within the 2-year period commencing from 12 June 2015.
5. Assuming no exercise of the 113,00,000 share options which were granted to the employees of the Company on 14 October 2006 as the conversion price HK\$0.176 which is higher than the current market Share price.

REASONS FOR THE ISSUE OF 2017CB AND USE OF PROCEEDS

As at 31 January 2017, the Group had unaudited cash and cash equivalents of approximately HK\$569.6 million, of which, approximately, RMB48.6 million (equivalent to approximately HK\$53.6 million) is tied up in the PRC as investment capital which is not practical to transfer back to Hong Kong. Of the balance of HK\$516.0 million, (1) approximately HK\$26.60 million has been earmarked for the acquisition of the Matheson Remaining Unit; and (2) approximately HK\$207.0 million has been earmarked for the redevelopment cost of Project Inverness; and the remaining approximately HK\$282.4 million of which approximately HK\$270 million is intended to be utilised for the redevelopment and construction costs for Project Inverness; and the balance HK\$12.4 million shall be applied for the general working capital of the Group.

As shown above, only approximately HK\$12.4 million is left for the Group's working capital. Having considered the request from Easyknit, the substantial shareholder of the Company, to the Company to issue 2017CB to Goodco, the Directors has a view that the shareholdings of the public Shareholder shall not diluted immediately until 2017CB are fully converted to Conversion Shares; and at the same time the Company can improve the cash position.

Having considered the above, the Directors (excluding the independent non-executive Directors, who will provide their opinion after considering the advice of the Independent Financial Adviser) are of the view that the Subscription Agreement, the transactions contemplated therein are fair and reasonable and in the interests of Eminence and the Shareholders as a whole.

FUND-RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds (approximate)	Intended use of net proceeds	Actual use of net proceeds (approximate)
13 July 2016	Issue of convertible note with an aggregate principal amount of HK\$50,000,000 which may be converted into Shares at the conversion price of HK\$0.225 per Share (subject to adjustment)	HK\$50 million	acquisition and investment opportunities; and for general working capital	Fully applied for: (a) HK\$3.4 million for payment of operating expenses (b) HK\$10.0 million for loan financing business (c) HK\$36.6 million for acquisition of properties
9 September 2016	Placing of 223,000,000 new Shares under general mandate	HK\$39.6 million	acquisition and investment opportunities; and for general working capital	Fully applied for: (a) HK\$1.0 million for loan financing (b) HK\$1.5 million for payment of operating expenses (c) HK\$7.0 million for acquisition of subsidiary (d) HK\$30.1 million for acquisition of properties
3 January 2017	Placing of 350,000,000 Shares under specific mandate	HK\$55 million	acquisition of FW Remaining Units	Not yet utilised and to be applied as intended

Save as disclosed in this paragraph, the Company had not conducted any other fund-raising activities in the past twelve months immediately before the date of this announcement.

B. SECOND DEED OF AMENDMENT TO 2015CB

1. Background

On 29 May 2015, the Company and Madian entered into the subscription agreement in respect of the issue of the 2% coupon 2015CB in the principal amount of HK\$86 million for a term of 2 years at an initial conversion price of HK\$0.85 per conversion share. The conversion price was automatically adjusted to HK\$1.81 on 14 October 2015 due the completion of the capital reorganization and rights issue of the Company.

On 27 November 2015, the Company and Madian entered into the First Deed of Amendment relating to the revision of the conversion price from HK\$1.81 to HK\$0.33 per Conversion Share. It was approved by the Shareholders on 7 January 2016. The expiry date of the 2015CB is 12 June 2017.

On 1 March 2017, the Company and the Madian entered into the Second Deed of Amendment in respect of the Proposed Alterations. Pursuant to the Proposed Alterations, it is proposed (1) to revise the exercise period from 2 years to 7 years; (2) to revise the conversion price from HK\$0.33 per conversion share to HK\$0.16 per Revised Conversion Share; (3) to revise the annual interest rate from 2% to 3% and the interest shall be payable in semi-yearly in arrears.

For the reasons as explained in “Reasons for the Proposed Alterations” below, the Company and Madian agree to alter the terms of the 2015CB subject to the terms and conditions of the Second Deed of Amendment.

2. SECOND DEED OF AMENDMENT AND PROPOSED ALTERATIONS

(1) Parties and Date

Date: 1 March 2017

Issuer: the Company

Subscriber: Madian Star Limited, 2015CB Noteholder

As at the date of this announcement, except the 2015CB, Madian does not have any interests in the Company.

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, Madian and its ultimate beneficial owner are third party independent of the Group and its connected persons.

(2) Principal terms of the Proposed Alterations

The Proposed Alterations was arrived at after arm’s length negotiations between the Company and Madian in relation to (i) the revision of the exercise period of 2015CB from 2 years to 7 years; (ii) the conversion price of the 2015CB will be adjusted from HK\$0.33 per conversion share to HK\$0.16 per Revised Conversion Share; and (3) the annual interest rate shall be revised from 2% to 3% and the interest shall be payable semi-yearly in arrears..

Apart from the Proposed Alterations, the terms and conditions of the 2015CB remain intact and unchanged.

The Revised Conversion Shares will rank pari passu in all respect with the Shares in issue as at the date of the allotment and issue of the Revised Conversion Shares.

No application will be made for listing of, or permission to deal in, the 2015CB on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Revised Conversion Shares to be allotted and issued under the 2015CB as a result of the Proposed Alterations.

Upon the full conversion of the 2015CB at the revised Conversion Price, ie. HK\$0.16 per Share, a total of 537,500,000 Revised Conversion Shares will be issued, representing 28.11% of the issued share capital of the Company as at the date of this announcement and approximately 21.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Revised Conversion Shares.

The revised conversion price of HK\$0.16 per Revised Conversion Share was arrived at after arm's length negotiation between the Company and Madian and represents:

- (i) a premium of approximately 1.91% over the closing price of HK\$0.157 per Share as quoted on the Stock Exchange on 28 February 2017, being the last trading day immediately before the entering into the Second Deed of Amendment;
- (ii) a discount of approximately 1.84% over the 5 trading days' average of the closing price per Share of HK\$0.163, being the last 5 trading days up to and including 28 February 2017, being the last trading day immediately before the entering into of the Second Deed of Amendment; and
- (iii) a discount of approximately 8.05% over the last 6 months trading days' average of the closing price per Share of HK\$0.174, being 6 months' trading days up to and including 28 February 2017, being the last trading day immediately before the entering into of the Second Deed of Amendment; and

The Company will seek from the Shareholders for the allotment and issue of the Revised Conversion Shares of 2015CB at the SGM. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Revised Conversion Shares to be allotted and issued upon exercise of the conversion rights. No application will be made for the listing of the 2015CB on the Stock Exchange or any other stock exchange.

(3) Conditions precedent

Completion is conditional upon the fulfillment of the following conditions precedent:

- (a) the passing by the Shareholders at the SGM to be convened and held, of the necessary resolution to approve the Proposed Alterations and issue the Revised Conversion Shares under the specific mandate and the transactions contemplated thereunder;
- (b) all necessary consents and approvals required to be obtained on the part of the Company and Madian in respect of the Proposed Alterations and the transactions contemplated thereunder having been obtained; and
- (c) without prejudice to condition (b) above, the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Revised Conversion Shares to be allotted and issued under the 2015CB as a result of the Proposed Alterations.

If any of the above conditions are not fulfilled on or before 31 May 2017 or such later date as the Company and the noteholder may agree, the Second Deed of Amendment will lapse and become null and void and the parties shall be released from all obligations thereunder, save the liabilities for any antecedent breaches thereof.

3. Reasons for the Proposed Alterations

In view of the average 6 months' trading prices of the Shares prior to the date of this announcement is HK\$0.174 per Share which is lower than the then prevailing conversion price of HK\$0.33 per Conversion Share. The Proposed Alterations (including the revised conversion price) will provide incentive to the holder of the 2015CB to exercise the conversion rights attaching to the 2015CB, which could strengthen the capital base and financial position of the Company and provide the Company with greater flexibility in operating its business upon exercise of the conversion rights attached to the 2015CB.

As such, the Board considers that Proposed Alterations is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Easyknit, through the Subscriber and Landmark Profits, is beneficially interested in approximately 23.92% of the issued share capital of the Company, and hence it is a connected person of the Company. Accordingly, the Subscription Agreement constitutes a connected transaction of the Company under the Listing Rules and is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Subscriber, and the parties acting in concert (including but not limited to Easyknit and Landmark Profits) shall abstain from voting at the SGM on the resolution approving the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the 2017CB, the allotment and issue of the Conversion Shares).

Eminence has established the Independent Board Committee comprising all its independent non-executive Directors, namely Mr. Kan Ka Hon, Mr. Lau Sin Ming, Mr. Foo Tak Ching and Mr. Wu Koon Yin Welly to advise the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares), after taking into account the advice of the Independent Financial Adviser. Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau, being non-executive Directors, are also non-executive directors of Easyknit. In order to avoid any conflict of interests, Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau will not be members of the Independent Board Committee.

After obtaining the approval of the Independent Board Committee, the Independent Financial Adviser will be appointed by the Company to advise the Independent Board Committee and Independent Shareholders in relation to the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares).

For the Proposed Alterations and the issue of the Revised Conversion Shares under a specific mandate, it is subject to the reporting, announcement and Shareholders' approval requirements under the Listing Rules. According to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. An application has been made by the Company to the Stock Exchange.

INFORMATION ON THE GROUP

The Group is principally engaged in property investment, property development, securities investment and money lending business.

GENERAL

A circular of the Company containing, among other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the Conversion Shares under a specific mandate); (ii) the relevant recommendations of the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) Proposed Alterations and the allotment of Revised Conversion Shares under a specific mandate; and (v) a notice convening the SGM will be despatched to the Shareholders on or before 22 March 2017.

The SGM will be held for the Independent Shareholder and/or Shareholders to consider and, if thought fit, pass the resolutions (1) to approve the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the 2017CB, the allotment and issue of the Conversion Shares under a specific mandate); and (2) to approve the Proposed Alterations and the allotment and issue of the Revised Conversion Shares under a specific mandate.

DEFINITIONS

In this announcement, unless the context otherwise required, the following words and phrases have the following meanings:

“2015CB”	the 2% coupon convertible note in principal amount of HK\$86,000,000 issued by Eminence to Madian on 12 June 2015 pursuant to the subscription agreement dated 26 May 2015
“2017CB”	the convertible note in the principal amount of HK\$16,000,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“acting in concert”	the meaning ascribed to it under the Takeovers Code
“associates”	the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of Eminence
“Business Day”	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
“Company” or “Eminence”	Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange

“Conditions Precedent”	the conditions precedent for completion of the Subscription Agreement or Second Deed of Amendment to take place as set out in the paragraphs headed “Conditions Precedent” in this announcement
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Conversion Share(s)”	the Share(s) to be allotted and issued by the Company upon exercise of the conversion rights of 2017CB
“Directors”	the directors of Eminence
“Easyknit”	Easyknit International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange (stock code: 1218)
“First Deed of Amendment”	the deed of amendment dated 27 November 2015 entered into between the Company and Madian relating to revise the conversion price of 2015CB from HK\$0.85 to HK\$0.33
“FW Building”	a building know as Fung Wah Factorial Building which is situated at No. 646, 648 and 648A Castle Peak Road, Kowloon, Hong Kong with a total of 32 units
“FW Remaining Units”	6 units of FW Building which are (1) Units A1, C1 and D of ground floor; (2) Unit A of 1st floor, (3) Unit D of 2nd floor; and (4) Unit A of 5th floor
“Goodco” or the “Subscriber”	Goodco Development Limited, the noteholder of 2017CB, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit, being a substantial shareholder of the Company (as defined in the Listing Rules) of Eminence
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purposes of advising the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the 2017 Conversion Shares)

“Independent Financial Adviser”	the independent financial adviser to be appointed by Eminence to advise the Independent Board Committee and the Independent Shareholders in relation to the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the 2017CB Conversion Shares)
“Independent Shareholders”	the Shareholders, other than (i) the Subscriber and parties acting in concert with it; (ii) the Directors (excluding the independent non-executive Directors); (iii) the chief executive of the Company and their respective associates; and (iv) Shareholders interested or involved in the Subscription Agreement
“Issue Date”	the date of issue of the 2017CB, which shall be on the date of completion of the Subscription Agreement
“Landmark Profits”	Landmark Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Easyknit, being a substantial shareholder of the Company (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madian”	Madian Star Limited, the noteholder of 2015CB, is an investment holding company incorporated in British Virgin Islands with limited liability
“Matheson Remaining Unit”	ground floor of No. 11 Matheson Street, Causeway Bay, Hong Kong
“PRC”	the People’s Republic of China
“Project Inverness”	a residential development project at No. 14 to 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong
“Proposed Alterations”	the proposed alterations of the 2015CB terms as contemplated under the Second Deed of Amendment
“Revised Conversion Shares”	a total of 537,500,000 conversion shares to be allotted and issued upon the conversion of the 2015CB at the revised conversion price as a result of the Proposed Alterations
“Second Deed of Amendment”	the deed of amendment dated 1 March 2017 entered into between the Company and Madian in relation to the Proposed Alterations

“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Eminence
“Shareholder(s)”	holder(s) of Eminence Share(s)
“SGM”	the special general meeting of the Company to be convened and held for the purpose of considering, if thought fit, approving the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB and the allotment and issue of the 2017CB Conversion Shares); and to approve the Proposed Alterations and issue of the Revised Conversion Shares
“specific mandate”	the specific mandate proposed to be granted to the Directors to allot and issue the conversion shares of 2017CB and the Revised Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	conditional subscription of the 2017CB by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 1 March 2017 entered into between the Company and the Subscriber in relation to the Subscription and issue of the 2017CB
“substantial shareholder(s)”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	percentage

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

Hong Kong, 1 March 2017

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

If there is any inconsistency between the Chinese and English versions of this announcement, the English version shall prevail.