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**EMINENCE ENTERPRISE LIMITED**  
**高山企業有限公司**  
(Incorporated in Bermuda with limited liability)  
(Stock Code: 616)

**CONNECTED TRANSACTION**  
**PROPOSED ISSUE OF CONVERTIBLE**  
**NOTE UNDER SPECIFIC MANDATE**



**Easyknit International Holdings Limited**  
**永義國際集團有限公司\***  
(incorporated in Bermuda with limited liability)  
(Stock code : 1218)

**DISCLOSEABLE TRANSACTION**  
**PROPOSED SUBSCRIPTION OF**  
**CONVERTIBLE NOTE**

## **THE SUBSCRIPTION AGREEMENT**

On 7 August 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 CB2 in the aggregate principal amount of HK\$28,200,000. Completion of the Subscription Agreement is subject to the Conditions Precedent. Terms of the CB2 are summarised in the paragraph headed “Principal terms of the CB2” in this announcement.

Assuming that the conversion rights (as defined in the paragraph headed “Principal terms of the CB2” below) in relation to the total principal amount of the CB2 of HK\$28,200,000 are exercised in full at the conversion price of HK\$0.06 per Conversion Share, a total of up to 470,000,000 Conversion Shares will be allotted and issued, representing approximately 21.01% of the issued share capital of the Company as at the date of this announcement and approximately 13.68% 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 CB2 will be HK\$28,200,000 and the net proceeds are estimated to be approximately HK\$27,800,000 and shall be applied for the general 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 CB2 and the allotment and issue of the Conversion Shares), taking into account the advice of the Independent Financial Adviser.

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 CB2 and the allotment and issue of the Conversion Shares).

#### **LISTING RULES IMPLICATIONS TO EMINENCE**

For the issuance of CB2, Easyknit, through the Subscriber and Landmark Profits, currently holds approximately 24.96% of the total issued share capital of the Company (including ordinary shares and underlying shares) is interested in approximately 24.96% of the issued share capital of the Company (including ordinary shares and underlying shares), 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 CB2, the allotment and issue of the Conversion Shares under a specific mandate).

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 CB2 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; and (iv) a notice convening the SGM will be despatched to the Shareholders on or before 28 August 2017.

#### **LISTING RULES IMPLICATIONS TO EASYKNIT**

As one of the applicable percentage ratios of the Subscription by Goodco under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, it constitutes a discloseable transaction for Easyknit. In addition, when aggregate the subscription monies of 2017CB and CB2, the aggregate subscription monies is HK\$44,200,000 and its applicable percentage ratios under Rule 14.07 of the Listing Rules remain in less than 25%, therefore it is still a discloseable transaction which is subject to the reporting and announcement only.

The Board is pleased to announce that on 7 August 2017, the Company entered into the Subscription Agreement with the Subscriber, details of which are set out below.

#### **THE SUBSCRIPTION AGREEMENT**

##### **1. Parties to and date of the Subscription Agreement**

Date: 7 August 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 CB2**

Pursuant to the Subscription Agreement, Eminence has conditionally agreed to issue, and the Subscriber has conditionally agreed to subscribe for, the CB2 in the aggregate principal amount of HK\$28,200,000, 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 CB2 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 30 September 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\$ 0.06 per conversion share represents:

- (i) a premium of approximately 1.69% over the closing price of HK\$ 0.059 per Share as quoted on the Stock Exchange on 4 August 2017, being the last trading day before the date of the Subscription Agreement;
- (ii) no discount to the closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including 4 August 2017, being approximately HK\$ 0.06 per Share;
- (iii) a discount of approximately 15.49% 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 4 August 2017, being approximately HK\$ 0.071 per Share; and
- (iv) a discount of approximately 50.82% over the average of the closing prices of the Shares as quoted on the Stock Exchange for last six months up to and including 4 August 2017, being approximately HK\$ 0.122 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 CB2 of HK\$27,800,000 will be used for the general working capital of the Group.

## 6. Principal Terms of the CB2

The principal terms of the CB2 are summarised below:

|                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Total issue price and principal amount upon issue: | HK\$28,200,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Maturity Date:                                     | The date falling on the third anniversary of the issue date, on which all outstanding principal amount, together with all outstanding accrued interests, of the CB2 will become due and payable by the Company to the noteholder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Redemption price at maturity:                      | 100% of the outstanding principal amount of the CB2 on the maturity date, together with all unpaid and accrued interest due on the outstanding principal amount of the CB2.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Redemption:                                        | <p>The Company may at any time before the maturity date by written notices to the Subscriber, and with consent of Subscriber, redeem the CB2 (in whole or in part) at 100% to the principal amount of the part of the CB2 to be redeemed.</p> <p>Any amount of the CB2 which remains outstanding on the maturity date shall be redeemed at 100% of its then outstanding principal amount.</p> <p>Any amount of the CB2 which is redeemed by the Company will be forthwith cancelled.</p>                                                                                                                                                                                                                             |
| Interest:                                          | <p>CB2 will bear interest on the outstanding principal amount thereof from the Issue Date at a rate of 3% per annum. Interest will be payable semi-yearly in arrears. In the event that the Company does not pay any sum payable under the CB2 when due, a default interest at the rate of 5% per annum for the relevant default payment period will be payable by the Company.</p> <p>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.</p> |
| Conversion Rights:                                 | A noteholder will have the rights to convert the whole or part of the outstanding principal amount of a CB2 (in amount of not less than a whole multiple of HK\$1,000,000 on each conversion, unless the outstanding principal amount of the CB2 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: CB2 shall be converted at the conversion price. Upon issue of the CB2, the initial conversion price will be HK\$0.06 per conversion share (subject to adjustments).

The conversion price shall be adjusted as provided in the CB2 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 CB2 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 CB2 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 CB2 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 CB2 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 CB2 exceeds the specific mandate threshold, then the Subscriber shall be entitled to convert the CB2 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 CB2 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 CB2 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 CB2 of HK\$28,200,000 are exercised in full at the conversion price of HK\$0.06 per Conversion Share, a total of up to 470,000,000 Conversion Shares will be allotted and issued, representing approximately 21.01% of the issued share capital of the Company as at the date of this announcement and approximately 13.68% 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 470,000,000 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 CB2 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 CB2 on the Stock Exchange or any other stock exchange.

### **INFORMATION ON THE SUBSCRIBER AND EASYKNIT**

The Subscriber, a wholly-owned subsidiary of Easyknit, is a company incorporated in British Virgin Islands with limited liability and is a substantial Shareholder holding 363,781,194 Shares and 100,880,281 underlying Shares, representing approximately 20.77% of the issued share capital of the Company as at the date of this announcement. Eminence is the associated company of Easyknit.

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

## SHAREHOLDING STRUCTURE

|                                                      | As at the date of this announcement |               | Immediately upon the issue of the CB2 and full exercise of the conversion rights of 2014CB, 2017CB and CB2 |               |
|------------------------------------------------------|-------------------------------------|---------------|------------------------------------------------------------------------------------------------------------|---------------|
|                                                      | Number of Shares                    | %             | Number of Shares                                                                                           | %             |
| <b>Substantial Shareholders</b>                      |                                     |               |                                                                                                            |               |
| Landmark Profits                                     | 93,549,498                          | 4.18          | 93,549,498                                                                                                 | 2.72          |
| The Subscriber                                       |                                     |               |                                                                                                            |               |
| - Shares                                             | 363,781,194                         | 16.26         | 363,781,194                                                                                                | 10.59         |
| - underlying Shares of                               |                                     |               |                                                                                                            |               |
| (i) 2014 CB (notes 1 & 3)                            | 880,281                             | 0.00          | 880,281                                                                                                    | 0.03          |
| (ii) 2017CB (notes 2 & 3)                            | 100,000,000                         | 0.00          | 100,000,000                                                                                                | 2.91          |
| (iii) CB2 (notes 2 & 3)                              | 0                                   | 0             | 470,000,000                                                                                                | 13.68         |
| <b>Sub-total</b>                                     | <b>457,330,692</b>                  | <b>20.44</b>  | <b>1,028,210,973</b>                                                                                       | <b>29.93</b>  |
| Directors' and deemed interests in underlying Shares |                                     |               |                                                                                                            |               |
| - share options                                      | 33,900,000                          | 0.00          | 33,900,000                                                                                                 | 0.99          |
| <b>Sub-total</b>                                     | <b>457,330,692</b>                  | <b>20.44</b>  | <b>1,062,110,973</b>                                                                                       | <b>30.92</b>  |
| <b>Noteholder</b>                                    |                                     |               |                                                                                                            |               |
| - underlying Shares                                  |                                     |               |                                                                                                            |               |
| of 2015 CB (note 4)                                  | 537,500,000                         | 0.00          | 537,500,000                                                                                                | 15.64         |
| Balance of share options                             | 56,500,000                          | 0.00          | 56,500,000                                                                                                 | 1.64          |
| <b>Public</b>                                        |                                     |               |                                                                                                            |               |
| Other public                                         | 1,779,501,367                       | 79.56         | 1,779,501,367                                                                                              | 51.80         |
| <b>Total</b>                                         | <b>2,236,832,059</b>                | <b>100.00</b> | <b>3,435,612,340</b>                                                                                       | <b>100.00</b> |

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 7-year period commencing from 12 June 2015.
5. Assuming no exercise of the 90,400,000 share options which were granted to the employees of the Company on 14 October 2016 as the conversion price HK\$0.176 which is higher than the current market Share price.

## REASONS FOR THE ISSUE OF CB2 AND USE OF PROCEEDS

### *Eminence's current financial resources*

As at 31 July 2017, the Group had unaudited cash and cash equivalents of approximately HK\$349.5 million, of which, approximately RMB48.6 million (equivalent to approximately HK\$55.7 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\$293.8 million, (1) approximately HK\$49.7 million has been earmarked for the acquisition of the Matheson Remaining Unit; and (2) a total of approximately HK\$157.9 million raised from the Company's previous fund raising activities has been earmarked for the construction cost of the Project Inverness; (3) HK\$54.2 million is earmarked for the acquisition of FW Remaining Units; and (4) the remaining balance of HK\$32.0 million shall be applied for the general working capital of the Group.

As shown above, only approximately HK\$32.0 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 CB2 to Goodco, the Directors has a view that the shareholdings of the public Shareholder shall not diluted immediately until CB2 are fully converted to Conversion Shares; and at the same time the Company can improve the cash position.

As at 30 June 2017, the Group's bank borrowings amounted to approximately HK\$810.8 million and the gearing ratio of the Group as a ratio to bank borrowings to total equity, is 0.33.

Other than fund-raising by issuing convertible note, the Company has considered other equity financing alternatives such as placing of new shares and the rights issue. As the Company only completed the placing of new shares on 19 July 2017, the Board has a view that it is not appropriate to do another placing within a period which is less than a month. In addition, the Board shall only consider to raise funds by rights issue at the time when the Company has to finance any acquisition of the properties and/or the development cost.

In addition, the effective interest rate for secured bank borrowings of the Group for the year end 31 March 2017 was approximately 2.58%. Considering the expected rise of interest of US dollar which may in turn affect HK dollar, the Directors has a view that the coming bank interest would be in an increasing trend. As such, the issuance of the CB2 as long financing with constant interest rate would be in the interest of the Company and the Shareholders. Furthermore, the Directors note that unlike bank financing, the issuance of the CB2 to the Subscriber does not require any pledging of real estates.

For this reason, the Directors consider the issuance of CB2 to Easyknit (which has indicated its willingness to subscribe for the CB2) is a suitable fund-raising method during this period.

The gross proceeds from the issue of the Convertible Note will be HK\$28,200,000 and the net proceeds are estimated to be approximately HK\$27,800,000 respectively. Pursuant to the terms of the Subscription Agreement, upon completion thereof, the net proceeds will be used for the general working capital of the Group.

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)                                                                                                                                                                                               |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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:<br>(a) HK\$1.0 million for money lending<br>(b) HK\$1.5 million for payment of operating expenses<br>(c) HK\$7.0 million for acquisition of subsidiary<br>(d) HK\$30.1 million for acquisition units of FW Building |
| 3 January 2017       | Placing of 350,000,000 Shares under specific mandate                                                                                                            | HK\$55 million             | acquisition of FW Remaining Units                                         | (a) HK\$0.8 million utilised as intended<br>(b) HK\$54.2 million not yet utilised and to be applied as intended                                                                                                                        |
| 1 March 2017         | Issue of convertible note with an aggregate principal amount of HK\$16,000,000 which may be converted into Shares at the conversion price of HK\$0.16 per share | HK\$15.5 million           | working capital                                                           | Fully applied for:<br>(a) HK\$10.5 million for loan financing business<br>(b) HK\$3.9 million for payment of operating expenses<br>(c) HK\$1.1 million for repayment of bank loan and interests                                        |
| 3 July 2017          | Placing of 325,000,000 Shares under specific mandate                                                                                                            | HK\$25.7 million           | acquisition of Matheson Remaining Unit                                    | (a) Not yet utilised                                                                                                                                                                                                                   |

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.

## **LISTING RULES IMPLICATIONS TO EMINENCE**

As at the date of this announcement, Easyknit, through the Subscriber and Landmark Profits, currently holds approximately 24.96% of the total issued share capital of the Company (including ordinary shares and underlying shares) and is the substantial shareholder of the Company, thus is a connected person of the Company. The transactions contemplated under the Subscription Agreement constitute a connected transaction for 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 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 CB2, the allotment and issue of the Conversion Shares).

Ms. Lui Yuk Chu (being the executive Director, the substantial Shareholder and the executive director of Easyknit) abstained from voting on the relevant board resolution(s) in view of her material interest in the Subscription. Save as disclosed above, no Director had a material interest in the Subscription and thus was required to abstain from voting on the board resolution(s) in the board meeting of the Company for considering and approving the subscription.

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 CB2 and the allotment and issue of the Conversion Shares), after taking into account the advice of the Independent Financial Adviser.

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 CB2 and the allotment and issue of the Conversion Shares).

## **LISTING RULES IMPLICATIONS TO EASYKNIT**

As one of the applicable percentage ratios of the Subscription by Goodco under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, it constitutes a discloseable transaction for Easyknit. In addition, when aggregate the subscription monies of 2017CB and CB2, the aggregate subscription monies is HK\$44,200,000 and its applicable percentage ratios under Rule 14.07 of the Listing Rules remain in less than 25%, therefore it is still as discloseable transaction which is subject to the reporting and announcement only.

## **INFORMATION ON THE GROUP**

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

Set out below is certain financial information extracted from the latest annual report of Eminence :

|                      | <b>For the year ended</b> |                  |
|----------------------|---------------------------|------------------|
|                      | <b>31 March</b>           |                  |
|                      | <b>2017</b>               | <b>2016</b>      |
|                      | <i>HK\$ '000</i>          | <i>HK\$ '000</i> |
|                      | (Audited)                 | (Audited)        |
| Revenue              | 36,518                    | 103,439          |
| Loss before taxation | (29,592)                  | (61,238)         |
| Loss after taxation  | (26,627)                  | (69,268)         |
| Total assets         | <u>3,407,650</u>          | <u>2,574,086</u> |

## **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 CB2 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; and (iv) a notice convening the SGM will be despatched to the Shareholders on or before 28 August 2017.

The SGM will be held for the Independent Shareholder and/or Shareholders to consider and, if thought fit, pass the resolutions to approve the Subscription Agreement (together with the transactions contemplated thereunder, including the issue of the CB2, the allotment and issue of the Conversion Shares under a specific mandate).

## **DEFINITIONS**

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

|          |                                                                                                                                                                                                                                                                                 |
|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “2014CB” | the 2% coupon convertible note in principal amount of HK\$100,000,000 issued by Eminence to Goodco on 27 March 2014 conferring rights to convert shares at the then prevailing conversion price of HK\$22.72 per Share, of which the total outstanding amount is HK\$20,000,000 |
| “2015CB” | the 3% coupon convertible note in principal amount of HK\$86,000,000 issued by Eminence to Madian Star Limited on 12 June 2015 pursuant to the subscription agreement dated 26 May 2015                                                                                         |
| “2017CB” | the 3% coupon convertible note in the principal amount of HK\$16,000,000 issued by the Company to the Goodco pursuant to the subscription agreement dated 1 March 2017                                                                                                          |

|                            |                                                                                                                                                                                                                         |
|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “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 |
| “CB2”                      | the convertible note in the principal amount of HK\$28,200,000 to be issued by the Company to the Subscriber pursuant to the Subscription Agreement                                                                     |
| “Conditions Precedent”     | the conditions precedent for completion of the Subscription Agreement 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 CB2                                                                                                                     |
| “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)              |
| “Easyknit Directors”       | the directors of Easyknit                                                                                                                                                                                               |
| “Eminence” or<br>“Company” | Eminence Enterprise Limited, an exempted company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange                                             |
| “FW Remaining Units”       | 6 units of FW Building which are<br>(1) Units A1, C1 and D of ground floor;<br>(2) Unit A of 1st floor,<br>(3) Unit D of 2nd floor; and<br>(4) Unit A of 5th floor                                                      |

|                                 |                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Goodco” or the “Subscriber”    | Goodco Development Limited, the noteholder of the 2017CB and CB2, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Easyknit, being a substantial shareholder (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 CB2 and the allotment and issue of the 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 CB2 and the allotment and issue of the CB2 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 CB2, 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                                                                                                                                                                                                                                                                          |
| “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                                                                                                                                                                                                |
| “Share(s)”                   | ordinary share(s) of par value HK\$0.01 each in the share capital of Eminence                                                                                                                                                                                                                     |
| “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 CB2 and the allotment and issue of the Conversion Shares |
| “specific mandate”           | the specific mandate proposed to be granted to the Directors to allot and issue the conversion shares of CB2                                                                                                                                                                                      |
| “Stock Exchange”             | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                           |
| “Subscription”               | conditional subscription of the CB2 by the Subscriber pursuant to the Subscription Agreement                                                                                                                                                                                                      |
| “Subscription Agreement”     | the agreement dated 7 August 2017 entered into between the Company and the Subscriber in relation to the Subscription and issue of the CB2                                                                                                                                                        |
| “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*

By Order of the Board  
**EASYKNIT INTERNATIONAL HOLDINGS LIMITED**  
**Tse Wing Chiu Ricky**  
*President and Chief Executive Officer*

Hong Kong, 7 August 2017

*As at the date hereof, the board of Eminence Directors comprises Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu as 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.*

*As at the date hereof, the board of Easyknit Directors comprises Mr. Tse Wing Chiu Ricky, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy as executive directors,; and Mr. Tsui Chun Kong, Mr. Jong Koon Sang and Mr. Hon Tam Chun as independent non-executive directors.*