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

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

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

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**EMINENCE ENTERPRISE LIMITED**

**高山企業有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ISSUE NEW SHARES;**
- (2) CONNECTED TRANSACTION RELATING TO THE PROPOSED  
ISSUE OF 2017CB UNDER SPECIFIC MANDATE;**
- (3) ISSUE OF REVISED CONVERSION SHARES OF 2015CB  
UNDER SPECIFIC MANDATE;**
- AND**
- (4) NOTICE OF SPECIAL GENERAL MEETING**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

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A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 26 April 2017 at 9:10 a.m. is set out on pages N-1 to N-5 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

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

5 April 2017

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## DEFINITIONS

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

“2014CB”	the 2% per annum coupon rate convertible note issued by the Company on 27 March 2014 in the aggregate principal amount of HK\$100,000,000 conferring rights to convert Shares on the basis of the then prevailing conversion price of HK\$22.72 per Share, of which the total outstanding amount is HK\$20,000,000
“2015CB”	the 2% coupon convertible note in principal amount of HK\$86,000,000 issued by the Company to Madian 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 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
“AGM”	the annual general meeting of the Company held on 17 August 2016
“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 Amendments to take place as set out in the paragraphs headed “Conditions Precedent” in this circular

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## DEFINITIONS

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“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 the 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)
“Existing General Mandate”	the general mandate granted by the Shareholders at the AGM to the Directors to allot, issue and deal in 223,321,967 Shares, representing 20% of the issued share capital of the Company as at the date of AGM
“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 known 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)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all four independent non-executive Directors formed for the purpose of advising the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares) and the Refreshment of the General Mandate
“Independent Financial Adviser” or “Red Sun Capital”	Red Sun Capital Limited, a corporation licensed under the SFO to conduct Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser to 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, the allotment and issue of the Conversion Shares) and the Refreshment of General Mandate
“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
“Issue Mandate”	the new mandate proposed to be sought at the SGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issue share capital of the Company as at the date of passing of the relevant resolution(s) at the SGM
“Last Trading Day”	28 February 2017, being the last trading day of the Shares prior to the execution 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)

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## DEFINITIONS

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“January Placing”	the placing of the 350,000,000 new Shares at a placing price of HK\$0.16 per Share pursuant to the placing agreement dated 3 January 2017 entered into between the Company and Kingston Securities Limited, the completion of placing was taken place on 27 February 2017 and the net proceeds is approximately HK\$55,000,000
“Latest Practicable Date”	3 April 2017, being the latest practicable date prior to the printing of the circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Madian”	Madian Star Limited, the noteholder of 2015CB, is an investment holding company incorporated in the 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
“Project King”	the acquisition of 18 units and 2 car park units of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong for an aggregate consideration of HK\$226,052,000 (details are set out in the Company’s announcement dated 29 March 2017)
“Proposed Alterations”	the proposed alterations of the 2015CB terms as contemplated under the Second Deed of Amendments
“Refreshment of General Mandate”	the proposed refreshment of the Existing General Mandate to the grant of the Issue Mandate
“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

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## DEFINITIONS

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“Second Deed of Amendments”	the deed of amendments dated 1 March 2017 entered into between the Company and Madian in relation to the Proposed Alterations
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.01 each in the share capital of Eminence
“Shareholder(s)”	holder(s) of Share(s)
“SGM”	the special general meeting to be convened and held on Wednesday, 26 April 2017 for the purpose of considering, if thought fit, approving (1) the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares); (2) the issue of Revised Conversion Shares of 2015CB; and (3) the Refreshment of the General Mandate
“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 of 2015CB
“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

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## LETTER FROM THE BOARD

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

*Executive Directors:*

Mr. Kwong Jimmy Cheung Tim  
*(Chairman & Chief Executive Officer)*  
Ms. Lui Yuk Chu *(Deputy Chairman)*  
Ms. Koon Ho Yan Candy

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Directors:*

Mr. Tse Wing Chiu Ricky  
Mr. Lai Law Kau

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

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

*Independent Non-executive Directors:*

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

5 April 2017

*To the Shareholders*

Dear Sir or Madam,

- (1) PROPOSED REFRESHMENT OF GENERAL MANDATE  
TO ISSUE NEW SHARES;  
(2) CONNECTED TRANSACTION RELATING TO THE PROPOSED  
ISSUE OF 2017CB UNDER SPECIFIC MANDATE;  
(3) ISSUE OF REVISED CONVERSION SHARES OF 2015CB  
UNDER SPECIFIC MANDATE;  
AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

#### INTRODUCTION

Reference is made to the announcement of the Company dated 1 March 2017 relating to (1) the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares); and (2) the Second Deed of Amendments (together with the transactions contemplated therein, including the allotment and issue of Revised Conversion Shares).

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## LETTER FROM THE BOARD

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In addition, the Directors propose a Refreshment of General Mandate by way of granting the Issue Mandate.

The purpose of this circular is to provide you with, among other things, (i) particulars of the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares); (ii) particulars of the Second Deed of Amendments (together with the transactions contemplated therein, including the allotment and issue of Revised Conversion Shares); (iii) information relating to the Refreshment of General Mandate; (iv) the relevant recommendations of the Independent Board Committee to the Independent Shareholders, (v) a letter of advices from the Independent Financial Adviser to 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, the allotment and issue of the Conversion Shares) and the Refreshment of the General Mandate; and (vi) a notice of SGM.

### A. REFRESHMENT OF GENERAL MANDATE

#### **Background**

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

At the AGM, the Shareholders approved, among other things, an ordinary resolution granted to the Directors the Existing General Mandate to allot, issue and deal with up to 223,321,967 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM.

During the period from the grant of the Existing General Mandate to the Latest Practicable Date, the Existing General Mandate had been utilised as to 223,000,000 Shares, representing 99.86% of the Existing General Mandate. As disclosed in the Company's announcement dated 8 September 2016, the Company entered into a placing agreement with Get Nice Securities Limited ("Get Nice"), under which Get Nice has agreed to place 223,000,000 new Shares. The aggregate net proceeds raised from the Placing amount to approximately HK\$39,600,000 and had been fully deployed as at the Latest Practicable Date according to the intended use as disclosed in the section on "FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS" of this circular.

There has been no refreshment of Existing General Mandate since the AGM.

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## LETTER FROM THE BOARD

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### **Reasons and benefits of the Refreshment of General Mandate**

As at the Latest Practicable Date, the Group has no agreement, arrangement, understanding, intention or negotiation (concluded or otherwise) about any investments or to allot, issue and deal with securities for cash or as consideration in acquisitions under the Issue Mandate.

The Board believes that the Refreshment of General Mandate is in the best interests of the Company and the Shareholders as a whole by maintaining the financial flexibility necessary for the Group's future investments and business developments. The Board considers equity financing to be one of the important fund raising channels of the Group. While the Board has no concrete fund raising proposals as at the Latest Practicable Date, the Board is now proposing to seek the approval of the Independent Shareholders at the SGM on the grant of the Issue Mandate such that should funding needs arise or attractive terms for investments in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly without having first to obtain the consent of the Shareholders in general meeting and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner.

Given that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly than raising funds by way of rights issue or open offer; and (iii) equips the Company with the ability to capture any capital raising or prospective investment opportunities in a timely manner, the Board proposes to refresh the Existing General Mandate for the Directors to allot, issue and deal with Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at date of the SGM. The Board considers that the Refreshment of General Mandate is necessary, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Board is of the view that if the Company issues new Shares under the Issue Mandate at the current market price, the Company shall raise approximately HK\$57,355,000; and the Directors confirmed that 10% of the funds shall be utilised for the general working capital; and the remaining 90% shall be utilized for the acquisition cost of Project King at the time bank financing is not available and/or for loan financing business.

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## LETTER FROM THE BOARD

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### **Other alternatives of fund raising activities**

The Company considered other fund raising activities to the Refreshment of General Mandate, such as a sale of assets but there are no assets held by the Group that the Board considers inappropriate to liquidate for the purpose. Rights issue was also considered, but given that the last rights issue was voted down by Shareholders on 15 December 2016; the Directors are of the view that it is more appropriate after 6 months to restate the rights issue or open offer financing method.

As at the Latest Practicable Date, the Company does not have facilities in place to renew or replace the loan to be repaid and has not negotiated with the lender for renewal of the bank loan or approached other banks for financing as it incurs interest obligations on the Group.

Considering the above, the Group may lose its business development opportunities when it identifies suitable business or investment opportunities where it does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, the Directors view that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

### **Update on the acquisition of FW Remaining Units**

As at the Latest Practicable Date, the Company via its subsidiaries is the owner of 26 units of the FW Building. The Company has made known to the property agent and the owners of the FW Remaining Units that the Company has intention to purchase the FW Remaining Units and the negotiations with them are ongoing. The Board estimated that the present cost to acquire the FW Remaining Units shall be not less than HK\$156,000,000 and a total of HK\$55,000,000 has been raised and earmarked for this purpose.

The Company may make an application to the Lands Tribunal for an order to sell the undivided shares of the FW Building site for redevelopment purpose at the time when any of the owners are asking the selling price which is unreasonable and much higher than the comparables and the indication of the valuation. As at the Latest Practicable Date, the Company does not have a concrete timing to submit the application under Land (Compulsory Sale for Redevelopment) Ordinance (Cap. 545) as it depends on, but without limitation to the success level in the ongoing negotiations with the owners of the FW Remaining Units and the sentiment in the property market for redevelopment.

The Company may consider equity issuances and/or bank financing to finance the acquisition of the FW Remaining Units.

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## LETTER FROM THE BOARD

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### **Issue Mandate**

As at the Latest Practicable Date, the Company has an aggregate of 1,911,832,059 Shares in issue.

Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate and, assuming all the conversion rights attached to the 2014CB, 2015CB and share options have not been exercised, on the basis that no further Shares are issued and/or repurchased by the Company up to the date of the SGM, the Company would be allowed under the Issue Mandate to allot and issue up to 382,366,411 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date.

On the other hand, if the conversion rights attaching to the 2014CB and share options are fully exercised after the Latest Practicable Date but before the date of the SGM, the Company will have a total issued share capital of 2,025,712,340 Shares. In such case, the Refreshment of General Mandate would allow the Directors to allot and issue up to 405,142,468 Shares, being 20% of the Shares in issue immediately after of the full exercise of the conversion rights attaching to the 2014CB and share options.

The Issue Mandate will, if granted, remain effective until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held in accordance with the Bye-laws or any applicable laws of Bermuda; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

### **Potential dilution to shareholding of the existing public Shareholders**

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) upon full utilization of the Issue Mandate (assuming that no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM); and (iii) upon full utilization of the Issue Mandate (assuming that only share options are exercised in full before the date of the SGM and no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM):

## LETTER FROM THE BOARD

	As at the Latest Practicable Date		Upon full utilization of Issue Mandate (assuming that no other Shares are issued and/or repurchased by the Company from Latest Practicable Date up to the date of the SGM)		Upon full utilization of Issue Mandate (assuming the share options are exercised in full)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
<b>Substantial Shareholders</b>						
Landmark Profits	93,549,498	4.89	93,549,498	4.08	93,549,498	3.89
Goodco						
— Shares	363,781,194	19.03	363,781,194	15.85	363,781,194	15.11
— underlying Shares of 2014CB	880,281*	—	880,281*	—	880,281*	—
<b>Sub-total</b>	<b>457,330,692</b>	<b>23.92</b>	<b>457,330,692</b>	<b>19.94</b>	<b>457,330,692</b>	<b>19.00</b>
Directors' and deemed interest in underlying Shares						
— Share options (note 3)	56,500,000*	—	56,500,000*	—	56,500,000	2.35
<b>2015CB (note 2)</b>	<b>260,606,060*</b>	<b>—</b>	<b>260,606,060*</b>	<b>—</b>	<b>260,606,060*</b>	<b>—</b>
<b>Balance of Share options (note 3)</b>	<b>56,500,000*</b>	<b>—</b>	<b>56,500,000*</b>	<b>—</b>	<b>56,500,000</b>	<b>2.35</b>
<b>Public Shareholders</b>	<b>1,454,501,367</b>	<b>76.08</b>	<b>1,454,501,367</b>	<b>63.39</b>	<b>1,454,501,367</b>	<b>60.42</b>
<b>Shares available to be issued under the Issue Mandate</b>	<b>—</b>	<b>—</b>	<b>382,366,412</b>	<b>16.67</b>	<b>382,366,412</b>	<b>15.88</b>
<b>Total</b>	<b>1,911,832,059</b>	<b>100.00</b>	<b>2,294,198,471</b>	<b>100.00</b>	<b>2,407,198,471</b>	<b>100.00</b>

*Notes:*

- (1) Pursuant to 2014CB, Goodco has no intention to exercise the conversion rights to convert 880,281 Shares at a conversion price of HK\$22.72 per Share at any time within 5-years period commencing from 27 March 2014. As the conversion price is much higher than the present market Share price and therefore the above table is prepared in the assumption that Goodco has no intention to exercise the conversion rights.
- (2) Pursuant to 2015CB, Madian may exercise the conversion rights to convert to 260,606,060 Shares at a conversion price of HK\$0.33 per Share at any time within the 2-year period commencing from 12 June 2015. As the conversion rights is much higher than the present market Share price and therefore the above table is prepared in the assumption that Madian has no intention to exercise the conversion rights.
- (3) The 113,000,000 share options which were granted to Directors and employees of the Company on 14 October 2016 at the conversion price of HK\$0.176.

\* for illustration purpose only, the figures have not added into the total issued Shares.

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## LETTER FROM THE BOARD

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### **Maximum dilution effect on shareholding of existing public Shareholders**

As illustrate in the table above, existing Shareholders will be subject to dilution of their shareholding in the Company upon full utilization of the Issue Mandate. The shareholding of the existing public Shareholders would decrease from approximately 76.08% as at the Latest Practicable Date (i) to approximately 63.39% upon full utilization of the Issue Mandate, which represent a 12.69% dilution (assuming no other Shares are issued or repurchased by the Company from the Latest Practicable Date up to the date of the SGM); and (ii) to approximately 60.42% upon full utilization of the Issue Mandate, which represents a 15.66% dilution (assuming that only share options are exercised in full before the date of the SGM and no other Shares are issued and/or repurchased by the Company from the Latest Practicable Date up to the date of the SGM).

Taking into account that the Refreshment of General Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the next annual general meeting; (ii) would provide an alternative to increase the amount of capital which may be raised thereunder; (iii) would provide more flexibility and options of financing to the Group for future investments and business developments; the above flexibility outweigh the dilution effect of the existing Shareholders as the Company is able to respond in a timely and effective manner to take advantages of any business opportunities for the benefit of the Company and its Shareholders as a whole; (iv) the proceeds obtained in the equity funds raising activities in the past 12 months are mainly for the acquisition of properties and FW Remaining Units; (v) strengthen the capital base of the Company which is non-interest bearing and requires no collaterals or pledge of securities; and (vi) the fact that the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilization of the refreshed Existing General Mandate, the Board considers that such potential dilution to the shareholdings of the existing public Shareholders is acceptable.

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## LETTER FROM THE BOARD

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### Details on 2014CB, 2015CB, Warrants and Options

At as the Latest Practicable Date, herebelow is the summary of the holders, issue dates and maturity of the convertible notes:

#### 2014CB

Holder:	Goodco
Outstanding principal amount	HK\$20,000,000
Issue date	27 March 2014
Maturity	27 March 2019
Prevailing conversion price	HK\$22.72

#### 2015CB

Holder:	Madian
Outstanding principal amount	HK\$86,000,000
Issue date	12 June 2015
Maturity	12 June 2017
Prevailing conversion price	HK\$0.33

As at the Latest Practicable Date, a total of 113,000,000 share options has not been exercised.

Save as the disclosed, the Company had no options, warrants or convertible securities in issue.

The Directors consider that the Refreshment of the General Mandate as set out in the notice of the SGM is in the interests of the Company and the Shareholders as a whole. Accordingly the Directors recommend all Shareholders to vote in favour of the resolution to be proposed at the SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on page 36 of this circular. Your attention is also drawn to the letter of advice from the Independent Financial Adviser which sets out the recommendation in respect of the Refreshment of General Mandate and the principal factors and reasons considered by it in arriving at such recommendation. The text of the letter from the Independent Financial Adviser is set out on pages 38 to 74 of this circular.

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## LETTER FROM THE BOARD

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### **B. THE SUBSCRIPTION AGREEMENT**

#### **1. Background and parties to and date of the Subscription Agreement**

On 1 March 2017, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 2017CB for a principal amount of HK\$16,000,000 for a term of 5 years at a conversion price of HK\$0.16 per share. The Directors understood from Goodco that the reason to subscribe the 2017CB is because Goodco intends to maintain its equity interests in the Company of not less than 25% and 2017CB is the appropriate method because of no immediate dilution to the other Shareholders at the time of subscription. A summary of the principal terms of the Subscription Agreement is set out below.

Date: 1 March 2017

Parties: Eminence (as the issuer); and

Goodco Development Limited (as the subscriber), a substantial shareholder of the Company

#### **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.

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## LETTER FROM THE BOARD

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### 4. Conversion Price and Exercise Price

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

- (i) a premium of approximately 8.84% over the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 1.91% over the closing price of HK\$0.157 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) 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 the Last Trading Day, being approximately HK\$0.163 per Share;
- (iv) 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 the Last Trading Day, being approximately HK\$0.169 per Share;
- (v) 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 the Last Trading Day, being approximately HK\$0.174 per Share; and
- (vi) a discount of approximately 67.74% to the consolidated net asset value of the Company of approximately HK\$0.496 per Share based on the unaudited consolidated net assets of approximately HK\$948,811,000 as at 30 September 2016 and 1,911,832,059 Shares in issue as at the Latest Practicable Date.

### 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.

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## LETTER FROM THE BOARD

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### 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.

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## LETTER FROM THE BOARD

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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;

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## LETTER FROM THE BOARD

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- (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

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## LETTER FROM THE BOARD

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(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.

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## LETTER FROM THE BOARD

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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 Latest Practicable Date 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 Latest Practicable Date up to (and including) the date of issue of such Conversion Shares resulting from exercise in full of the conversion rights).

As at the Latest Practicable Date, Goodco confirmed that it has no intention to exercise the conversion rights attached to the 2017CB and shall only exercise the conversion rights at the time when Goodco prefers to have equity interests in the Company.

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.

### **7. 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 363,781,194 Shares, representing approximately 19.03% of the issued share capital of the Company as at the Latest Practicable Date. It is a wholly-owned subsidiary of Easyknit.

As at the Latest Practicable Date, Landmark Profits, a wholly-owned subsidiary of Easyknit, owns 93,549,498 Shares (representing approximately 4.89% of the issued share capital of the Company). The Subscriber is therefore acting in concert with Easyknit and Landmark Profits.

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

### **8. Shareholding Structure**

The following table shows the shareholding structure of the Company as at the Latest Practicable Date and immediately after the issue of 100,000,000 Conversion Shares assuming exercise in full of the conversion rights at the Conversion Price of HK\$0.16 per Conversion Share (based on the existing shareholding structure of

## LETTER FROM THE BOARD

the Company and assuming that save for the issue of the 100,000,000 Conversion Shares to the Subscriber), there will be no change in the issued share capital of the Company from the Latest Practicable Date up to (and including) the date of issue of such Conversion Shares:

	As at the Latest Practicable Date		Immediately upon the issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB and share options	
	Number of Shares	%	Number of Shares	%
<b>The Subscriber and parties acting in concert with it</b>				
Landmark Profits (note 2 & 3)	93,549,498	4.89	93,549,498	4.40
The Subscriber (note 3)				
— Shares	363,781,194	19.03	363,781,194	17.11
— underlying Shares of 2014CB (note 1)	880,281*	—	880,281	0.04
— underlying Shares of 2017CB (note 1)	—	—	100,000,000	4.70
<b>Sub-total</b>	457,330,692	23.92	558,210,973	26.26
<b>Directors' and deemed interests in underlying Shares</b>				
— share option (note 5)	56,500,000*	—	56,500,000	2.66
<b>2015CB (note 4)</b>	260,606,060*	—	260,606,060*	—
Balance of share options (note 5)	56,500,000*	—	56,500,000	2.66
<b>Public Shareholders</b>	1,454,501,367	76.08	1,454,501,367	68.42
<b>Total</b>	<u>1,911,832,059</u>	<u>100.00</u>	<u>2,125,712,340</u>	<u>100.00</u>

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. As at the Latest Practicable Date, Madian confirmed it has no intention to exercise the conversion rights attached to 2015CB given that these is a proposed amendment of the terms of 2015CB (please refer to "C. SECOND DEED OF AMENDMENTS to 2015CB" of this circular.
  5. Assuming no exercise of the 113,00,000 share options which were granted to the Directors and employees of the Company on 14 October 206 at the conversion price HK\$0.176 which is higher than the current market Share price.
- \* for illustration purpose only, the figures has not added into the total issued shares.

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## LETTER FROM THE BOARD

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### 9. Reasons for the Issue of 2017CB and Use of Proceeds

As at 28 February 2017, the Group had unaudited cash and cash equivalents of approximately HK\$613.4 million, of which, approximately, RMB49.5 million (equivalent to approximately HK\$55.9 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\$557.5 million, (1) approximately HK\$26.3 million has been earmarked for the acquisition of the Matheson Remaining Unit; and (2) a total of approximately HK\$202.1 million raised from the Company's previous fund-raising activities has been earmarked for the construction cost of Project Inverness; (3) an additional HK\$270 million obtained from bank financing shall be utilized for the payment of land premium and the construction cost of Project Inverness and/or acquisition of new investment properties (including but not limited to Project King); (4) HK\$55.0 million is earmarked for the acquisition of FW Remaining Units; and (5) and the balance HK\$4.1 million shall be applied for the general working capital of the Group.

As shown above, only approximately HK\$4.1 million is left for the Group's working capital. Save as the funding needs in the construction and development of Project Inverness, and the potential investment for the acquisition of Matheson Remaining Unit, FW Remaining Units and Project King, the Directors are of the opinion that taking into account of the funds raised from 2017CB, the Group shall have sufficient working capital for daily operation for the period up to 12 months from the date of this circular in the absence of unforeseen circumstances. Save as the utilization of the Issue Mandate, the net proceeds of approximately HK\$15,500,000 is mainly to be utilised for the daily operation as the working capital of the Company for the next 12 months.

Project Inverness is a residential development site at No. 14 to 20 Inverness Road, Kowloon Tong, Kowloon, Hong Kong. The foundation works of this site has been completed and now in the construction of the superstructure of the building, scheduled to be launched in the market in late 2018. The Board estimated that the total development and construction cost of the site is approximately HK\$490,000,000.

On 28 March 2017, the Group has entered into 17 provisional agreements with the vendors to acquire 18 units and 2 car park units of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong for a consideration of HK\$226,052,500. ("Project King") The completion of the sale and purchase of acquisition shall be on or before 28 June 2017. Wing Cheong Factory Building is a 47 years' age of 10-storey industrial building comprising 24 industrial units and 2 car park units with a site area of approximately 5,843 square feet. Upon completion of the acquisition of those units, the Group shall have 86.36% of the undivided shares of that building (as contemplated by section 3(1) of the Land (Compulsory

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## LETTER FROM THE BOARD

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Sale for Redevelopment Ordinance, Cap 545). The Group intends to acquire the remaining 6 units so as to be the owner of the whole building. As at the Latest Practicable Date, the Group has no concrete timetable on the redevelopment of that building site, but the Directors has a view to redevelop into a high rise composite commercial/residential building if and when the Directors consider the market sentiment to be appropriate. The Company shall make further announcement(s) to inform the Shareholders when any purchase of the remaining units are transacted. This transaction shall be funded by the internal resources of the Group and/or bank facilities and/or equity issuances. The details of Project King are set out in the Company's announcement dated 29 March 2017.

As at 28 February 2017, the Group's bank borrowings amounted to approximately HK\$780.5 million and the gearing ratio of the Group, calculated as a ratio to bank borrowings to total equity, is 0.319.

Having considered the issue of 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.

Other than fund-raising by issuing convertible note, the Company has considered other equity financing alternatives such as placing of new shares and rights issue. The Company completed the placing of new Shares on 27 February 2017 and understood from the placing agent that the terms of further placing would not be favourable given that specific mandate is required (as the Company has almost used up its Existing General Mandate) which will be time consuming and discouraging for some potential investors. The Company has also considered rights issue but given that the last rights issue was voted down by Shareholders on 15 December 2016, the Directors are of the view that it is more appropriate after 6 months to restate the rights issue or open offer financing method.

In addition, the effective interest rate for secured bank borrowings of the Group for the year ended 31 March 2016 was approximately 2.75%. 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 rate would be in an increasing trend. As such, the issuance of the 2017CB 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 2017CB to the Subscriber does not require any pledging of real estates.

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.

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## LETTER FROM THE BOARD

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### 10. Listing Rules Implications

Easyknit (through its wholly-owned subsidiaries) currently holds approximately 23.92% of the total issued share capital of the Company 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 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).

Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy (being the executive Directors, the substantial Shareholders and the executive director of Easyknit) and Mr. Kwong Jimmy Cheung Tim (being the executive Director, the executive director of Easyknit) abstained from voting on the relevant board resolution(s) in view of their material interests 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.

The Company has established the Independent Board Committee to advise the Independent Shareholders with respect to the Subscription, and provide recommendation as to voting. The Company has appointed Red Sun Capital as the Independent Financial Adviser (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to the terms of the Subscription and as to voting.

### C. SECOND DEED OF AMENDMENTS 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.

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## LETTER FROM THE BOARD

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On 27 November 2015, the Company and Madian entered into the First Deed of Amendments 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 Amendments 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 (ie. the maturity date is 12 June 2022); (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 Amendments.

### 2. Second Deed of Amendments and Proposed Alterations

#### (a) Parties and Date

**Date:** 1 March 2017

**Issuer:** the Company

**Subscriber:** Madian Star Limited, noteholder of 2015CB

As the Latest Practicable Date, 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(s) are third party independent of the Group and its connected persons.

As at the Latest Practicable Date, Madian confirmed that it has no intention to exercise the conversion rights attached to the 2015CB and shall only exercise the conversion rights at the time when Madian prefers to have equity interests in the Company.

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## LETTER FROM THE BOARD

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**(b) 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 (1) the revision of the exercise period of 2015CB from 2 years to 7 years (ie 12 June 2022); (2) 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 respects 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 Latest Practicable Date and approximately 20.98% of the issued share capital of the Company as enlarged by the allotment and issue of the Revised Conversion Shares and full exercise of the share options.

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 Last Trading Day immediately before the entering into the Second Deed of Amendments;
- (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 the Last Trading Day immediately before the entering into of the Second Deed of Amendments; and

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## LETTER FROM THE BOARD

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- (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 the Last Trading Day immediately before the entering into of the Second Deed of Amendments.

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.

**(c) 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 issue of 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 Amendments 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.

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## LETTER FROM THE BOARD

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### 3. Reasons for the Proposed Alterations

In view of the average 6 months' trading prices of the Shares prior to the Latest Practicable Date is HK\$0.174 per Share which is lower than the then prevailing conversion price of HK\$0.33 per Conversion Share and pursuant to the 2015CB instrument, all the outstanding principal amount of HK\$86,000,000, together with all outstanding accrued interests will be due on 12 June 2017 (i.e. the original maturity date) and payable by the Company to Madian; the Proposed Alterations (including the revised conversion price and the interest rate) will provide incentive to Madian to exercise the conversion rights attaching to 2015CB till 2022 instead of the Company has to return the principal amount of 2015CB to Madian in the original maturity date. This facilitates and improves the liquidity and cash flow position of the Company.

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

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**LETTER FROM THE BOARD**

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**4. EFFECT ON SHAREHOLDING STRUCTURE UPON FULL ISSUANCE OF REVISED CONVERSION SHARES**

	<b>As at the Latest Practicable Date (assuming full conversion of the 2015CB)</b>		<b>Immediately upon the issue of Revised Conversion Shares as a result of full conversion of the 2015CB and full exercise of share options</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
<b>Substantial Shareholders</b>				
Landmark Profits ( <i>note 1</i> )	93,549,498	4.31	93,549,498	3.65
Goodco ( <i>note 1</i> )				
— Shares	363,781,194	16.75	363,781,194	14.20
— underlying Shares of 2014CB ( <i>note 2</i> )	<u>880,281*</u>	—	<u>880,281*</u>	—
<b>Sub-total</b>	457,330,692	21.05	457,330,692	17.85
<b>Directors' and deemed interests in underlying shares</b>				
— share options	56,500,000*	—	56,500,000	2.21
<b>2015CB</b>	260,606,060	12.00	537,500,000	20.98
<b>Balance of share options</b>	56,500,000*	—	56,500,000	2.21
<b>Public Shareholders</b>	<u>1,454,501,367</u>	<u>66.95</u>	<u>1,454,501,367</u>	<u>56.76</u>
<b>Total</b>	<u><u>2,172,438,119</u></u>	<u><u>100.00</u></u>	<u><u>2,562,332,059</u></u>	<u><u>100.00</u></u>

*Notes:*

- The entire issued share capital of the Landmark Profits and Goodco is held by Easyknit.
- Pursuant to 2014CB, Goodco has no intention to exercise the conversion rights to convert to 880,281 Shares at a conversion price of HK\$22.72 per Share at any time within 5-years period commencing from 27 March 2014. As the conversion price is much higher than the present market Share price and therefore the above table is prepared in the assumption that Goodco has no intention to exercise the conversion rights.

\* for illustration purpose only, the figures has not added into the total issued Shares.

## LETTER FROM THE BOARD

### COMBINED EFFECTS ON SHAREHOLDING UPON COMPLETION AND ISSUANCE OF NEW SHARES UNDER ISSUE MANDATE, CONVERSION SHARES AND REVISED CONVERSION SHARES

	As at the Latest Practicable Date		Immediately upon the issue of new shares under the Issue Mandate (assuming no conversion of 2017CB, 2015CB and full exercise of the share options		Immediately upon the full issue of new shares under the Issue Mandate, full conversion of 2014CB, 2017CB and full exercise of the share options		Immediately upon the full issue of new shares under the Issue Mandate, full conversion of 2014CB, 2017CB, 2015CB and full exercise of the share options	
	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>	<i>Number of shares</i>	<i>%</i>
<b>Substantial Shareholders</b>								
Landmark	93,549,498	4.89	93,549,498	4.08	93,549,498	3.73	93,549,498	3.07
Goodco	363,781,194	19.03	363,781,194	15.86	363,781,194	4.50	363,781,194	11.94
— Shares								
— Underlying Shares								
(1) 2014CB	880,281*	0.00	880,281*	0.00	880,281	0.04	880,281	0.03
(2) 2017CB	—	0	—	0	100,000,000	3.99	100,000,000	3.28
Sub-total	457,330,692	23.92	457,330,692	19.93	458,210,973	22.26	458,210,973	18.33
Directors' and deemed interests in underlying Shares								
— share options	56,500,000*	0.00	56,500,000*	0.00	56,500,000	2.25	56,500,000	1.86
Sub-total	457,330,692	23.92	457,330,692	19.93	514,710,973	24.51	514,710,973	20.18
<b>Madian</b>								
— underlying Shares of 2015CB	260,606,060*	0.00	537,500,000*	0.00	537,500,000*	0.00	537,500,000	17.65
Balance of share options	56,500,000*	0.00	56,500,000*	0.00	56,500,000	2.25	56,500,000	1.86
<b>Issue new Shares under Issue Mandate</b>								
	—	0.00	382,366,412	16.67	382,366,412	15.25	382,366,412	12.55
<b>Public</b>	1,454,501,367	76.08	1,454,501,367	63.40	1,454,501,367	57.99	1,454,501,367	47.76
<b>Total issued shares</b>	<u>1,911,832,059</u>	<u>100.00</u>	<u>2,294,198,471</u>	<u>100.00</u>	<u>2,508,078,752</u>	<u>100.00</u>	<u>3,045,578,752</u>	<u>100.00</u>

\* for illustration purpose only, the figures has not added into the total issued shares.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE GROUP

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

### 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 money lending business (c) HK\$36.6 million for acquisition of units of FW Building
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 money lending (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 units of FW Building
3 January 2017 ("January Placing")	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 Latest Practicable Date.

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## LETTER FROM THE BOARD

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### **FUTURE FUND RAISING EXERCISES**

As at the Latest Practicable Date, save for the Refreshment of General Mandate and the issuing of 2017CB, the Company does not have any concrete fund raising plans in the next 12 months. The Company shall make further announcements in the future in accordance with the Listing Rules as and when appropriate if any suitable fund raising opportunities arise, having regard to the financing needs, business plans and circumstances of the Company at the time.

As at the Latest Practicable Date, the Company has no plan, arrangement, understanding or intention for any potential acquisitions, and no negotiations was taking place in relation to any potential new acquisition.

### **LISTING RULES IMPLICATIONS**

#### **(A) Refreshment of General Mandate**

Since there are no Directors has material interest in the Refreshment of General Mandate, no Directors were abstained from voting in the board resolutions in the board meeting of the Company for considering and approving the Refreshment of General Mandate.

As the proposed Refreshment of General Mandate is to be proposed to the Shareholders before the Company's next annual general meeting, pursuant to the Listing Rules, the proposed Refreshment of General Mandate is subject to the approval of the Independent Shareholders by way of a poll at the SGM. According to Rule 13.36(4) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution to approve the proposed Refreshment of General Mandate at the SGM.

As at the Latest Practicable Date, to the best of the knowledge, belief and information of the Directors, having made all reasonable enquiries, Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy, the executive Directors, holds 457,330,692 Shares and these shares are respectively registered in the name of and are beneficially owned by Landmark Profits and Goodco, both are wholly-owned by Easyknit, representing 23.92% of the issued Shares, who are required to abstain from voting in favour of the resolution approving the proposed Refreshment of General Mandate at the SGM.

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## LETTER FROM THE BOARD

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**(B) Subscription Agreement and issue Conversion Shares of 2017CB under a specific mandate**

At the Latest Practicable Date, 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.

Ms. Lui Yuk Chu and Ms. Koon Ho Yan Candy (being the executive Directors, the substantial Shareholders and the executive director of Easyknit) and Mr. Kwong Jimmy Cheung Tim (being the executive Director, the executive director of Easyknit) have been abstained from voting on the relevant board resolution(s) in view of their material interests in the Subscription. Save as disclosed, no Director had a material interest in the Subscription and thus none was required to abstain from voting on the board resolutions in the board meeting of the Company for considering and approving the Subscription.

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).

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), 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.

**(C) Issue of Revised Conversion Shares of 2015CB under a specific mandate**

For 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.

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## LETTER FROM THE BOARD

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Since there are no Directors has material interest in the Proposed Alterations and issuing of Revised Conversion Shares, no Directors are abstained from voting in the board resolutions in the board meeting of the Company for considering and approve the Proposed Alterations and issuing of Revised Conversion Shares.

In addition, since no Shareholders or its parties acting in concert has material interest in issuing of the Revised Conversion Shares, no Shareholders are abstained from voting at the SGM on the resolution approving the issuing of 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 has been made by the Company to the Stock Exchange.

### SGM

A notice convening the SGM to be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 26 April 2017 at 9:10 a.m. is set out on pages N-1 to N-5 of this circular.

Regardless of your ability to attend the meeting in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as practicable but in any event not later than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

In accordance with the Listing Rules, the following resolutions are to be passed by the following manners at the SGM:

- (1) the approval of the Refreshment of General Mandate shall only be passed and **voted by the Independent Shareholders**;
- (2) the approval of the Subscription and the issue and allot of Conversion Shares of 2017CB under specific mandate shall only be passed and **voted by the Independent Shareholders**; and
- (3) the approval of the issue and allot of Revised Conversion Shares of 2015CB under specific mandate shall be passed and **voted by all Shareholders**.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders on (1) whether the Refreshment of General Mandate; and (2) the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and the issue of the Conversion Shares), are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in connection therewith. The text of the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 38 and 74 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 36 and 37 of this circular.

Having taken into consideration the factors and reasons stated above, the Board is of the opinion that the Refreshment of General Mandate to allot and issue new Shares; and the Subscription Agreement (together with the transactions contemplated therein, including the issue 2017CB, the allotment and issue of the Conversion Shares) are fair and reasonable and are in the best interests of the Company and the Shareholders as whole and the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

In addition, the Board is of the opinion that the allotment and issuance of Revsied Conversion Shares is fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. The Board recommends the Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM.

### CONSENT

Red Sun Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter set out therein and reference to its name in the form and context in which they appear respectively.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility, for the accuracy of the information contained in this circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

Yours faithfully,

For and on behalf of

**EMINENCE ENTERPRISE LIMITED**

**Kwong Jimmy Cheung Tim**

*Chairman and Chief Executive Officer*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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### EMINENCE ENTERPRISE LIMITED

高山企業有限公司

*(incorporated in Bermuda with limited liability)*

(Stock Code: 616)

5 April 2017

*To the Independent Shareholders,*

Dear Sir or Madam,

**PROPOSAL FOR REFRESHMENT OF GENERAL MANDATE  
TO ISSUE SHARES;  
AND  
CONNECTED TRANSACTION RELATING TO  
PROPOSED ISSUE OF 2017CB**

We refer to the circular of the Company dated 5 April 2017 (the “**Circular**”) and have been appointed as members of the Independent Board Committee to advise you in respect of the Refreshment of General Mandate; and the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares), details of which are set out in the Letter from the Board in the Circular, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We wish to draw your attention to the letter from Red Sun Capital as set out on pages 38 to 74 of the Circular, which contains its advices and recommendations to us as to whether or not the Refreshment of General Mandate and the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares) are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, as well as the principal factors and reasons for its advices and recommendations.

Having considered, among other matters, the factors and reasons considered by, and the opinion of, Red Sun Capital as stated in its aforementioned letter, we are of the opinion that the Refreshment of General Mandate and the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares) are fair and reasonable as far as the Independent

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM to approve the Refreshment of General Mandate and the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares).

Yours faithfully,

For and on behalf of the Independent Board Committee

<b>Kan Ka Hon</b>	<b>Lau Sin Ming</b>	<b>Foo Tak Ching</b>	<b>Wu Koon Yin Welly</b>
<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.*



**红日资本有限公司**  
**RED SUN CAPITAL LIMITED**

5 April 2017

*To: The Independent Board Committee and the Independent Shareholders  
of Eminence Enterprise Limited*

Dear Sirs,

**CONNECTED TRANSACTION RELATING TO THE  
PROPOSED ISSUE OF 2017CB UNDER SPECIFIC MANDATE  
AND  
PROPOSED REFRESHMENT OF GENERAL MANDATE TO  
ISSUE NEW SHARES**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in connection with the proposed issue of the 2017CB and the Refreshment of General Mandate, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular of the Company to the Shareholders dated 5 April 2017 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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. The initial conversion price is HK\$0.16 per Conversion Share, and the 2017CB will carry an interest of 3.0% per annum and will mature on the fifth anniversary of the Issue Date.

Given that the Subscriber is a connected person of the Company, the Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders’ approval requirements under the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In addition, the Directors propose a refreshment of the Existing General Mandate by way of granting the Issue Mandate. As the proposed refreshment of the Existing General Mandate is being made prior to the Company's next annual general meeting, pursuant to Rule 13.36(4) of the Listing Rules, the grant of the Issue Mandate is subject to the Independent Shareholders' approval by way of an ordinary resolution at the SGM at which Landmark Profits, the Subscriber and their respective associates will abstain from voting on the resolution regarding the refreshment of the Existing General Mandate. In compliance with Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the refreshment of the Existing General Mandate at the SGM will be taken by way of poll.

An Independent Board Committee comprising all independent non-executive Directors, namely, Mr. Kan Ka Hon, Mr. Lau Sin Ming, Mr. Foo Tak Ching and Mr. Wu Koon Yin Welly, has been formed to advise the Independent Shareholders on the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB) and the Refreshment of Existing General Mandate. Mr. Tse Wing Chiu Ricky and Mr. Lai Law Kau, being non-executive Director, 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. All members of the Independent Board Committee have confirmed to the Company that they are independent with respect to the Subscription and are thus suitable to give advice and recommendation to the Independent Shareholders.

Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders has been approved by the Independent Board Committee. We do not by this letter warrant the merits of the above transactions other than to form an opinion for the purpose of the Listing Rules. Our role as the Independent Financial Adviser is to give our recommendation to the Independent Board Committee and the Independent Shareholders as to whether or not (i) the Subscription Agreement was entered into in the ordinary and usual course of the business of the Company and on normal commercial terms; (ii) the Subscription Agreement and the Refreshment of General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution(s) to approve the Subscription Agreement, the Refreshment of General Mandate and the transactions contemplated therein at the SGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the Subscription and the Refreshment of General Mandate. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

#### (A) The Subscription Agreement

In arriving at our opinion in respect of the Subscription Agreement, we have taken into consideration the following principal factors and reasons:

##### (1) *Reasons for entering into the Subscription Agreement*

###### a) *To improve the cash position of the Company*

As at 28 February 2017, the Group had unaudited cash and cash equivalents of approximately HK\$613.4 million, of which, approximately, RMB49.5 million (equivalent to approximately HK\$55.9 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\$557.5 million, (1) approximately HK\$26.3 million has been earmarked for the acquisition of the Matheson Remaining Unit; and (2) a total of approximately HK\$202.1 million raised from the Company's previous fund-raising activities has been earmarked for the construction cost of Project Inverness; (3) an additional HK\$270 million obtained from bank financing shall be utilised for land premium and for the construction cost of Project Inverness and/or acquisition of new investment properties; (4) HK\$55.0 million is earmarked for the acquisition of FW Remaining Units; (5) and the balance HK\$4.10 million shall be applied for the general working capital of the Group.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We note that only approximately HK\$4.10 million is left for the Group's working capital. The net proceeds from the Subscription Agreement could be considered as mainly for the enhancement of the cash position of the Company.

*b) Business overview of the Group*

The Group is principally engaged in property investment, property development, securities investment and money lending business. The following table summarises the consolidated financial results of the Group from its continuing operations for each of the two years ended 31 March 2016 and the six months ended 30 September 2015 and 30 September 2016, which are extracted from the Company's annual report for the year ended 31 March 2016 (the "Annual Report") and its interim report for the six months ended 30 September 2016 (the "Interim Report") respectively:

	Year ended 31 March 2015 HK\$'000	Year ended 31 March 2016 HK\$'000	Six months ended 30 September 2015 HK\$'000 (unaudited)	Six months ended 30 September 2016 HK\$'000 (unaudited)
<b>Turnover</b>				
Property investment	19,256	23,786	10,154	14,708
Property development	—	—	—	—
Garment sourcing and exporting	172,082	75,208	58,222	195
Security investment	—	—	—	—
Loan Financing	1,151	4,445	2,497	1,676
Total	<u>192,489</u>	<u>103,439</u>	<u>70,873</u>	<u>16,579</u>
<b>Segment profit/(loss)</b>				
Property investment	3,998	(16,257)	11,696	(19,012)
Property development	(704)	(15,306)	1,001	(337)
Garment sourcing and exporting	(3,660)	(8,067)	(3,364)	23
Security investment	43,853	(11,354)	614	(9,641)
Loan Financing	1,051	4,324	2,433	1,619
Consolidated	<u>44,538</u>	<u>(46,660)</u>	<u>12,380</u>	<u>(27,348)</u>
<b>Profit/(loss) for the year/period attributable to owners of the Company</b>	<u>31,086</u>	<u>(69,268)</u>	<u>(1,640)</u>	<u>(35,198)</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We note that from the Interim Report that the loss for the period attributable to owner of the Company of approximately HK\$35,198,000 for the period of six months ended 30 September 2016 was mainly attributable to the loss on changes in fair value of investment properties of approximately HK\$22,793,000 and impairment losses on financial assets of approximately HK\$12,500,000. Compared with the result for the period of six months ended 30 September 2015, the loss for the period attributable to owners of the Company was increased from approximately HK\$1,640,000 to approximately HK\$35,198,000.

We note from the Annual Report that the loss for the year attributable to owners of the Company of approximately HK\$69,268,000 for the year ended 31 March 2016 was mainly attributable to the loss on changes in fair value of investment properties in Hong Kong of approximately HK\$33,399,000, the impairment loss recognised in the Project Inverness (property held for development for sale) of approximately HK\$15,511,000 and the fair value losses on investment held for trading, bonds and equity linked notes of approximately HK\$13,029,000.

Compared with the result for the year ended 31 March 2015, profit for the year attributable to owners of the Company changed from approximately HK\$31,086,000 to loss for the year attributable to owners of the Company of approximately HK\$69,268,000.

The following table summarises the consolidated financial position of the Group as at 31 March 2015 and 2016 and 30 September 2016, which is extracted from the Annual Report and the Interim Report:

	<b>As at 31 March 2015</b>	<b>As at 31 March 2016</b>	<b>As at 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>
Non-current assets	953,799	1,524,381	1,514,543
Current assets	965,382	1,049,705	1,297,125
Current liabilities	179,321	115,937	138,087
Non-current liabilities	177,215	133,705	302,483
Net assets	1,562,645	2,324,444	2,371,098

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We note from the Annual Report and the Interim Report that the majority of the non-current assets of the Group as at each of the reporting dates stated in the above table was investment properties. For instance, as at 30 September 2016, out of the non-current assets of approximately HK\$1,514,543,000, investment properties amounted to approximately HK\$1,309,026,000.

We also note that there was a significant increase in the Group's non-current assets from approximately HK\$953,799,000 as at 31 March 2015 to approximately HK\$1,524,381,000 as at 31 March 2016 as shown in the above table, which was primarily due to the acquisition of investment properties.

We also note that the net cash from operating activities is reducing which the net cash from operating activities for the year ended 31 March 2016 was approximately HK\$38,489,000 and the net cash used in operating activities for the period of six months ended 30 September 2016 was approximately HK\$308,066,000.

The Company has conducted various investments that tied up the cash balance of the Company. For the year ended 31 March 2016, out of the net cash used in investing activities of approximately HK\$286,293,000, the Company has purchased investment properties of approximately HK\$213,924,000 and has acquired financial asset at fair value through profit and loss of approximately HK\$80,000,000. For the period of six months ended 30 September 2016, out of the net cash used in investing activities of approximately HK\$201,361,000, the Company has placed bank deposits with original maturity of more than three months of approximately HK\$191,538,000 and has additions of investment properties of approximately HK\$3,919,000.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The following table shows an analysis of the consolidated total assets of the Group by operating and reportable segments as at 31 March 2015 and 2016 and 30 September 2016, which is extracted from the Annual Report and the Interim Report:

	As at 31 March 2015 <i>HK\$'000</i>	As at 31 March 2016 <i>HK\$'000</i>	As at 30 September 2016 <i>HK\$'000</i> <i>(unaudited)</i>
<b>Segment assets</b>			
Property investment	1,070,635	1,438,830	1,410,263
Property development	568,120	524,257	840,798
Garment sourcing and exporting	8,387	1,993	753
Securities investment	108,714	140,021	153,488
Loan financing	23,720	76,513	73,731
<b>Unallocated bank balances and cash</b>	139,389	392,290	140,967
<b>Bank deposits with original maturity more than three months</b>	—	—	191,538
<b>Others</b>	216	182	130
<b>Consolidated</b>	1,919,181	2,574,086	2,811,668

We note that the Group has invested in properties held for development for sale from approximately HK\$524,000,000 as set out in the Annual Report to approximately HK\$781,631,000 as set out in the Interim Report. In the same period, the bank balances and cash has been decreased from approximately HK\$465,279,000 as set out in the Annual Report to approximately HK\$209,335,000 as set out in the Interim Report. We noted that the acquisition of assets tied up the cash of the Group and the 2017CB could enhance the cash position of the Group.

*c) Financing alternatives*

As advised by the Directors, for the purpose of this fund-raising, the Company has considered other equity financing alternatives such as placing of new shares and rights issue. The Company completed the placing of new Shares on 27 February 2017 and understood from the placing agent that the terms of further placing would not be favourable given that specific mandate is required

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(as the Company has almost used up its Existing General Mandate) which will be time consuming and discouraging for some potential investors. The Company has also considered rights issue but given that the last rights issue was voted down by Shareholders on 15 December 2016, the Directors are of the view that it is inappropriate to restate the same financing method within such short period of time.

As stated in the Annual Report, the effective interest rate for secured bank borrowings of the Group for the year ended 31 March 2016 was approximately 2.75%. Considering the expected rise of interest of US dollar which may in turn affect HK dollar, we concur with the view of the Directors that the coming bank interest rate would be in an increasing trend. As such, the issuance of the 2017CB as long financing with constant interest rate would be in the interest of the Company and its Shareholders. In addition, we note that unlike bank financing, the issuance of the 2017CB to the Subscriber does not require any pledging of real estates.

Based on the above, we concur with the view of the Directors that the issuance of 2017CB to the Subscriber is a suitable fund-raising method at this point of time given that the Subscriber has indicated its willingness to subscribe for the 2017CB.

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. 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.

*d) Acquisition of properties*

On 28 March 2017, the Group has entered into 17 provisional agreements with the vendors to acquire 18 units and 2 car park units of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong for a consideration of approximately HK\$226.1 million. The completion of the sale and purchase shall be expected on or before 28 June 2017. Wing Cheong Factory Building is a 47 years' age of 10-storey industrial building comprising 24 industrial units and 2 car park units with a site area of approximately 5,843 square feet. Upon completion of the acquisition of those units, the Group shall have 86.36% of the undivided shares of that building (as contemplated by section 3(1) of the Land (Compulsory Sale for Redevelopment Ordinance, Cap 545). The Group intends to acquire the remaining 6 units so as to be the owner of the

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whole building and many contemplate to redevelop into a high-rise composite commercial/residential building if and when the Directors consider the market sentiment to be appropriate. The Company shall make further announcement(s) to inform the Shareholders when any purchase of the remaining units is transacted. This transaction shall be funded by the internal resources of the Group and/or bank facilities and/or equity issuances. The payment would imply a net cash outflow of HK\$226.1 million if the transaction is funded by the internal resources and the cash outflow constitutes 36.86% of the balance of the unaudited cash and cash equivalents of approximately HK\$613.4 million as at 28 February 2017.

e) *Our view*

Based on the above and having considered in particular that:

- (i) approximately HK\$609.3 million out of the cash and cash equivalent of approximately HK\$613.4 million as at 28 February 2017 (unaudited) had been earmarked or intended to be used in different development projects, the cash position of the Company as at 28 February 2017 had cash and cash equivalents of approximately HK\$4.1 million (unaudited) left for the Group's working capital and the issuance of the 2017CB will enhance the cash position of the Group;
- (ii) the Subscriber has indicated its willingness to subscribe for the 2017CB while other equity financing alternatives such as placing and rights issue are lack of market demand and bank financing would be time consuming and inflexible;
- (iii) the potential net cash outflow of approximately HK\$226.1 million for the cash payment of the acquisition of property that the Group has entered into the agreement with the vendors on 28 March 2017 if the transaction is to be funded by internal cash instead of bank facilities,

we consider that the entering into of the Subscription Agreement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

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(2) *Principal terms of the Subscription Agreement*

(a) *Key terms of the Subscription Agreement and background of the Subscriber*

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. The initial conversion price is HK\$0.16 per Conversion Share, and the 2017CB will carry an interest of 3.0% per annum and will mature on the fifth anniversary of the Issue Date. Further details of the Subscription Agreement are set out in the Board Letter.

As disclosed in the Board Letter, the Subscriber is a company incorporated in the British Virgin Islands with limited liability and is a substantial Shareholder holding 363,781,184 Shares, representing approximately 19.03% of the issue share capital of the Company as at the Last Trading Date. The Subscriber is also a wholly-owned subsidiary of Easyknit. According to the Rule 14A.11(1) of the Listing Rules, the Subscriber is a connected person of the Company.

(b) *Conversion price*

The initial conversion price is HK\$0.16 per Conversion Share, which is subject to adjustments as described in the section headed “Adjustments to the initial Conversion Price” below.

As stated in the Board Letter, the initial conversion price was determined by the parties to the Subscription Agreement after arm’s length negotiations and with reference to the historical prices during the last twelve months and the prevailing market prices of the Shares.

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In considering the fairness and reasonableness of the initial Conversion Price, we have conducted the following analyses:

- (i) Comparison of the initial Conversion Price with the prevailing Share price

We note that the initial conversion price of HK\$0.16 per Conversion Share represents:

- (a) a premium of approximately 8.84 % over the closing price of HK\$0.147 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 1.91% over the closing price of HK\$0.157 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 1.84% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day, being approximately HK\$0.163 per Share;
- (d) a discount of approximately 5.33% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day, being approximately HK\$0.169 per Share; and
- (e) a discount of approximately 8.05% over the average of the closing prices of the Shares as quoted on the Stock Exchange for the last six months up to and including the Last Trading Day, being approximately HK\$0.174 per Share.

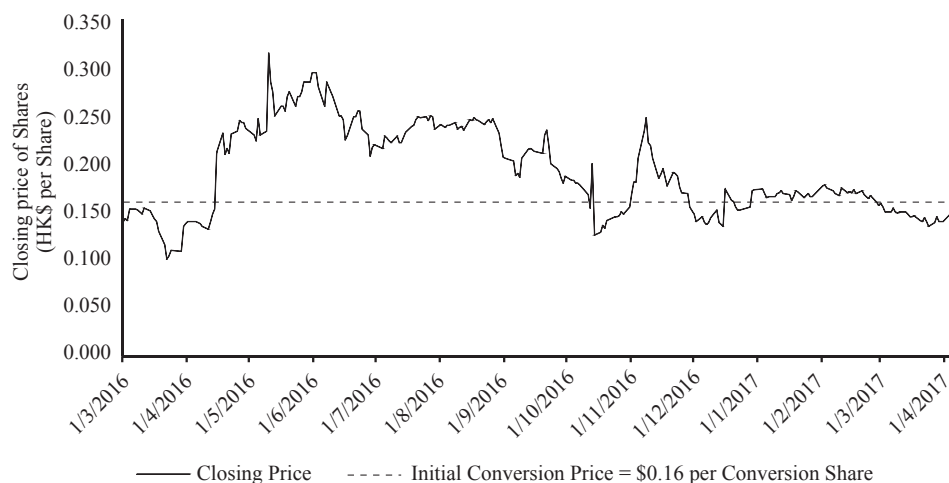
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(ii) Comparison of the initial Conversion Price with historical price of the Shares

We have reviewed the daily closing price of the Shares as quoted on the Stock Exchange for the twelve-month period ended on and including the Last Trading Day together with the period commencing from the date immediately after the Last Trading Day up to and including the Latest Practicable Date (the “**Review Period**”):



During the Review Period, the closing prices of the Shares ranged from HK\$0.101 per Share to HK\$0.315 per Share. While the initial conversion price is within such range of the closing prices of the Shares during the Review Period, we note that the initial conversion price represents:

- (a) a discount of approximately 8.01% to the average of the closing prices (adjusted as applicable) of the Shares as quoted on the Stock Exchange for last six months up to and including the Last Trading Day, being approximately HK\$0.174 per Share; and
- (b) a discount of approximately 18.74% to the average of the closing prices (adjusted as applicable) of the Shares as quoted on the Stock Exchange for last 12 months up to and including the Last Trading Day, being approximately HK\$0.197 per Share.

We note that the initial Conversion Price represents a discount over the prevailing market price of the Shares in general as analysed in the section headed “Comparison of the initial Conversion Price with the prevailing Share price” above. We consider that the comparison of the initial Conversion Price with the prevailing Share price is a more relevant analysis than the comparison with historical Share prices over the past six to twelve months when

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determining the fairness and reasonableness of the initial Conversion Price as the current market price of the Shares can directly reflect the value of shares in prevailing market conditions.

(iii) Comparison of the initial Conversion Price with the net asset value per Share

We note that the initial Conversion Price of HK\$0.16 per Conversion Share represents a discount of approximately 87.1% to the consolidated net asset value of the Group of approximately HK\$1.24 per Share based on the unaudited consolidated net assets of approximately HK\$2,371,098,000 as at 30 September 2016 as disclosed in the Interim Report and the total number of 1,911,832,059 Shares in issue as at the Latest Practicable Date. We note that the discount of approximately 87.1% to the consolidated net asset value of the Group represented by the initial Conversion Price is substantial.

In addition, we have considered whether the substantial discount of market value to the consolidated net asset value per Share is fair and reasonable so far as the interests of the Independent Shareholders are concerned. Since the percentage of investment properties and properties held for development for sale account for more than 50% of the Group's total assets as at 30 September 2016, the principal business of the Group is considered to be property investment and property development, we have identified 9 Hong Kong listed companies (the "**Industry Comparable(s)**") engaged in a principal business that is similar to that of the Group, i.e. property development in Hong Kong, for an industry comparison. For the purpose of our analysis, we have adopted the price-to-book ratio ("**P/B**") which is a commonly adopted benchmark in the valuation of real estate companies. We have identified and made references to 9 companies (the "**Industry Comparable(s)**") which are (i) principally engaged in property development or investment in Hong Kong and PRC of which the assets in property investment or property development contributed over 50% of total consolidated assets of the company; (ii) have their shares listed on the Main Board of the Stock Exchange; and (iii) market capitalisation of the company is not over HK\$5 billion. We consider that while the Company and the Industry Comparable(s) are not closely in terms of, among others, financial performance, financial position and market capitalisation, the supply and demand of the property development services, and therefore the fundamentals of such companies are in general affected by similar macro-economic factors. We believe, to our best knowledge, that they are exhaustive. Based on the foregoing, we consider the Industry Comparable(s) as fair and representative comparables, the analysis of which is useful for assessing

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the fairness reasonableness of the substantial discount of market value. The following table sets out the details of the Industry Comparable(s):

Company name	Stock code	Principal business	Closing price <i>(Note 1)</i> <i>(HK\$)</i>	Market capitalisation <i>(Note 2)</i> <i>(HK\$ million)</i>	P/B Ratio <i>(Note 3)</i>
Skyfame Realty (Holdings) Limited	59	Property development, property investment and property management.	1.01	2,462.7	1.33
Asia Standard International Group Limited	129	Property development and investment, hotel, travel agency and catering operations and securities investments.	1.67	2,204.0	0.13
Hong Kwok Land Investment Company, Limited	160	Property development, property investment and property related activities.	4.21	3,033.0	0.38
Asia Orient Holdings Limited	214	Property management, development and investment, hotel, catering services and travel agency, and investments.	2.01	1,690.2	0.08
Chuang's China Investments Limited	298	Property development, investment and trading, hotel operation and management, manufacturing, sales and trading of goods and merchandises, including watch components and art pieces, and securities investment and trading.	0.51	1,207.2	0.42

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Company name	Stock code	Principal business	Closing price <i>(Note 1)</i> <i>(HK\$)</i>	Market capitalisation <i>(Note 2)</i> <i>(HK\$ million)</i>	P/B Ratio <i>(Note 3)</i>
Chuang's Consortium International Limited	367	Property investment and development, hotel operation and management, manufacturing and sale of watch components, merchandise, bonded polyester fabrics, home finishing products and printed products, securities investment and trading, and the development and operation of cemetery.	1.53	2,566.1	0.24
CSI Properties Limited	497	Property trading, property rental and securities investment.	0.335	3,362.4	0.35
Easyknit International Holdings Limited	1218	Property investments, property development, money lending and securities investment.	3.41	270.8	0.09
Rykadan Capital Limited	2288	Manufacturing of interior decorative materials and property development.	1.07	510.9	0.47
				<i>Average</i>	0.38
				<i>Maximum</i>	1.33
				<i>Minimum</i>	0.08
The Group			0.160	300.2	0.13

*Notes:*

1. Based on the closing price as quoted on the Stock Exchange on 28 February 2017, being the Last Trading Day.
2. Based on the number of shares in issue as at 28 February 2017, of the respective Industry Comparable(s).
3. Market capitalisation divided by the net asset from the latest interim report of the respective Industry Comparable(s).

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The P/B Ratio of the Industry Comparable(s) ranged from a minimum of approximately 0.08 times to a maximum of approximately 1.33 times with an average of approximately 0.38 times. The P/B Ratio of the Group (based on the initial Conversion Price) is lower than the average of Industry Comparable(s) but within the range. Although the P/B Ratio of the Group is lower than the average of Industry Comparables, the P/B Ratio of the Group is higher than the P/B Ratio of the lowest and second-lowest Industry Comparables of 0.08 times and 0.09 times respectively and is in line with the P/B Ratio of the third-lowest Industry Comparables of 0.13 times. By considering that P/B ratio of the Group is approximately 0.13 times which is higher than the P/B Ratio of the lowest Industry Comparables of 0.08 times and the second-lowest Industry Comparables of 0.09 times and is in line with the P/B Ratio of the third-lowest Industry Comparables of 0.13 times, of which Industry Comparables are engaging similar principal business, we are of the view that the initial Conversion Price is fair and reasonable and can directly reflect the value of the Shares that is generally perceived by the market.

We have reviewed the trading volume data in respect of the Shares during the Review Period as illustrated in the table below:

	Average daily trading volume of the Shares	Number of trading days in the month	Average daily trading volume as a percentage of the then total number of issued Shares held by the public	Average daily trading volume as a percentage of the then total number of Shares in issue	Percentage of average market volume
	<i>(Thousand Shares)</i>		<i>(Approximate %)</i>	<i>(Approximate thousand Shares) (Note 1)</i>	<i>(Approximate %) (Note 2)</i>
<b>2016</b>					
March	20,855,265	21	1.43%	1.09%	0.30%
April	25,518,744	20	1.75%	1.33%	0.28%
May	15,673,039	21	1.08%	0.82%	0.26%
June	2,528,632	21	0.17%	0.13%	0.27%

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	Average daily trading volume of the Shares  <i>(Thousand Shares)</i>	Number of trading days in the month	Average daily trading volume as a percentage of the then total number of issued Shares held by the public  <i>(Approximate %)</i>	Average daily trading volume as a percentage of the then total number of Shares in issue  <i>(Approximate thousand Shares) (Note 1)</i>	Percentage of average market volume  <i>(Approximate %) (Note 2)</i>
July	971,248	20	0.07%	0.05%	0.26%
August	4,726,659	22	0.32%	0.25%	0.27%
September	8,107,036	21	0.56%	0.42%	0.29%
October	31,580,080	19	2.17%	1.65%	0.24%
November	13,111,185	22	0.90%	0.69%	0.27%
December	9,824,145	20	0.68%	0.51%	0.26%
<b>2017</b>					
January	1,243,248	19	0.09%	0.07%	0.22%
February	4,366,527	20	0.30%	0.23%	0.31%
March	4,411,079	23	0.30%	0.23%	NA
April (up to and including the Latest Practicable Date)	290,000	1	0.02%	0.02%	NA

*Source: The website of the Stock Exchange as well as next day disclosure returns, monthly returns and announcements published by the Company on the website of the Stock Exchange*

*Notes:*

1. Average trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
2. This column is provided for reference only and the figures are calculated by dividing the total market capitalisation based on the HKEx Monthly Market Highlights in the website of the Stock Exchange.

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We note that the average number of Shares traded per trading day in each month from March 2016 up to and including the Latest Practicable Date ranged from approximately 0.02% to approximately 2.17% of the then total number of issued Shares held by the public, and as such, we consider that the trading liquidity of the Shares was at a level that was reasonably sufficient to reflect the value of the Shares generally perceived by the market under the prevailing market conditions. We further note that such market value of the Shares itself (which averages at approximately HK\$0.163 per Share for the last five consecutive trading days up to and including the Last Trading Day and at approximately HK\$0.169 per Share for the last 30 trading days up to and including the Last Trading Day) represents a substantial discount (of approximately 86.86% and approximately 86.37 % respectively) to the consolidated net asset value per Share of approximately HK\$1.240 per Share.

In addition, we also make reference to the trading liquidity of the whole market. The table above also shows the percentage of the (the “**Average Market Volume**”) average daily turnover to the total market capitalisation of the listed securities in both main board and growth enterprise market of the Stock Exchange for the period from March 2016 to February 2017, according to the HKEx Monthly Market Highlights in the web site of the Stock Exchange. We note that during the Review Period, the percentage of the Average Market Volume ranged between 0.22% and 0.31%. It is noted that of the percentage of the Average Market Volume was lower than the percentage of the average daily trading volume to the total number of issued Shares during the Review Period, however, we also noted that the trading volume was relatively thin in the first two months of 2017. Since taking into account the latest period/trend when reviewing the trading volume of the Shares, the low liquidity of the Shares in the first two months of 2017 may affect the Company to raise fund with large size through equity fundraising activities due to the lack of liquidity.

- (iv) Comparison with recent issues of convertible bonds/notes by other listed issuers

For comparison purpose, we have, on a best effort basis, conducted a search of all recent issues of convertible bond(s) or convertible note(s) by companies listed on the Stock Exchange that were announced during the three-month period prior to the Last Trading Day (the “**Comparable Issues**”) by searching through published information on the Stock Exchange’s website. Based on such criteria, we have identified 15 Comparable Issues. To the best of our knowledge, effort and endeavour and based on our search conducted according

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to the aforesaid criteria, the list of Comparable Issues is an exhaustive list of issues of convertible bond(s) or convertible note(s) meeting the aforesaid criteria. We have excluded two comparables whose premium over their conversion prices represent more than 50% of its conversion price on the Last Trading Date given that the extreme high conversion prices comparing with the market will affect the likelihood of the holders of convertible bonds/notes to convert the convertible bonds/notes into the shares.

We compared the respective premium/discount over/to the closing price of the shares of such companies on the relevant last trading day (the “**Premium/(Discount)-Last**”), on last 5 consecutive trading day (the “Premium/(Discount) – 5”), and on last 30 consecutive trading day (the “Premium/(Discount) – 30”) as represented by the conversion price of such Comparable Issues with the corresponding Premium/(Discount) — Last, Premium/(Discount) – 5, and Premium/(Discount) — 30 represented by the initial Conversion Price.

We set out our findings in the table below:

Issuers of the Comparable Issues (stock code)	Announcement	Conversion	Conversion	Premium/	Premium/	Premium/	Interest
	date of the						
	Comparable	Conversion	share	Last	5	30	
	Issues	period					
		<i>Approximate</i>		<i>approximate</i>	<i>approximate</i>	<i>approximate</i>	<i>approximate</i>
		<i>number</i>	<i>HK\$</i>	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
		<i>of years</i>					
Shanghai Zendai Property Limited (755)	24/2/2017	3	0.22	69.23%	69.23%	71.07%	4.00%
Dingyi Group Investment Limited (508)	21/2/2017	3	0.85	6.25%	9.82%	8.93%	7.00%
Green International Holdings Limited (2700)	13/2/2017	1	0.20	-13.00%	-15.60%	-17.58%	8.00%
China Household Holdings Limited (692)	24/1/2017	2	0.20	-17.40%	-16.20%	-7.28%	2.00%
China U-ton Holdings Limited (6168)	18/1/2017	2	1.00	16.30%	-16.30%	13.42%	8.00%
Automated Systems Holdings Limited (771)	12/1/2017	3	1.20	-36.84%	-25.93%	-8.34%	0.00%

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Issuers of the Comparable Issues (stock code)	Announcement date of the Comparable Issues	Conversion period	Conversion price per share	Premium/	Premium/	Premium/	Interest rate
				(Discount)- Last	(Discount)- 5	(Discount)- 30	
		<i>Approximate number of years</i>	<i>HK\$</i>	<i>approximate %</i>	<i>approximate %</i>	<i>approximate %</i>	<i>approximate %</i>
Ernest Borel Holdings Limited (1856)	5/1/2017	2	2.00	13.64%	13.64%	16.28%	10.00%
Dingyi Group Investment Limited (508)	23/12/2016	3	0.85	14.86%	15.18%	17.19%	3.00%
Silverman Holdings Limited (1616)	21/12/2016	2	1.21	4.31%	11.21%	0.22%	5.00%
Sino Energy International Holdings Group Limited (1096)	16/12/2016	1.83	0.48	-3.03%	11.63%	20.05%	7.50%
China Public Procurement Limited (1094)	16/12/2016	2	0.07625	4.45%	8.00%	10.94%	7.00%
Blue Sky Power Holdings Limited (6828)	16/12/2016	3	0.67	8.06%	6.35%	5.68%	4.80%
Pa Shun Pharmaceutical International Holdings Limited (574)	15/12/2016	2	0.60	17.65%	15.83%	13.80%	4.00%
Pa Shun Pharmaceutical International Holdings Limited (574)	15/12/2016	2	1.20	135.29%	131.66%	127.85%	4.00%
C&D International Investment Group Limited (1908)	4/12/2016	perpetual	4.60	-7.07%	-0.86%	14.28%	4.00%
			<b>Maximum</b>	135.29%	131.66%	127.85%	10.00%
			<b>Minimum</b>	-36.84%	-25.93%	-17.58%	0.00%
			<b>Average</b>	14.18%	16.68%	19.10%	5.22%
			<b>(Note 1)</b>				
			<i>Maximum</i>	17.65%	16.30%	20.05%	10.00%
			<i>Minimum</i>	-36.84%	-25.93%	-17.58%	0.00%
			<i>Average</i>	0.63%	3.80%	6.74%	5.40%
			<i>(Note 1, Note 2)</i>				
The Company	1/3/2017	5	0.16	1.91%	1.72%	-5.14%	3.00%

*Note 1:* In calculating the average, we have averaged out positive numbers (premiums) with negative numbers (discounts). We consider that such average figure is meaningful as it indicates whether, on average, the conversion price of the Comparable Issues represents a premium (if the average figure is a positive number) or a discount (if the average figure is a negative number) over/to the then prevailing market price of the relevant shares, and the magnitude of such premium or discount.

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*Note 2:* the two comparables whose premium over their conversion price represent more than 50% of its respective conversion price has been excluded

For all 15 comparables, as illustrated in the table above, we note that the Premium/(Discount)-Last represented by the conversion prices of the Comparable Issues ranged from a discount of approximately 36.84% to a premium of approximately 135.29%, with an average of a premium of approximately 14.18%. The two comparables, the issue of convertible bonds by Shanghai Zendai Property Limited and by Pa Shun Pharmaceutical International Holdings Limited, whose premium over their conversion prices represent more than 50% of its conversion price on the Last Trading Date, are to be taken out from the pool of samples.

After taken out the two comparables, as illustrated in the table above, we note that the Premium/(Discount)-Last represented by the conversion prices of the Comparable Issues ranged from a discount of approximately 36.84% to a premium of approximately 17.65%, with an average of a discount of approximately 0.63%. The Premium/(Discount)-Five represented by the conversion prices of the Comparable Issues ranged from a discount of approximately 25.93% to a premium of approximately 16.30%, with an average of a premium of approximately 3.80%. The Premium/(Discount)-30 represented by the conversion prices of the Comparable Issues ranged from a discount of approximately 17.58% to a premium of approximately 20.05%, with an average of a premium of approximately 6.74%.

The Premium/(Discount)-Last represented by the Conversion Price therefore falls within the range of the Premium/(Discount)-Last of the Comparable Issues and is higher than the average Premium/(Discount)-Last of the Comparable Issues.

The Premium/(Discount)-Five represented by the Conversion Price therefore falls within the range of the Premium/(Discount)-Five of the Comparable Issues and is lower than the average Premium/(Discount)-Five of the Comparable Issues. The Premium/(Discount)-30 represented by the Conversion Price therefore falls within the range of the Premium/(Discount)-30 of the Comparable Issues and is lower than the average Premium/(Discount)-30 of the Comparable Issues.

We noted that approximately HK\$609.3 million out of the cash and cash equivalent of approximately HK\$613.4 million as at 28 February 2017 (unaudited) had been earmarked or intended to be used in different

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development projects and the potential net cash outflow of approximately HK\$266.1 million of the acquisition of properties mentioned above. Although the Premium/(Discount)-Five represented by the Conversion Price is lower than the average Premium/(Discount)-Five of the Comparable Issues and the Premium/(Discount)-30 represented by the Conversion Price therefore is lower than the average Premium/(Discount)-30 of the Comparable Issues, we consider it acceptable based on (i) the Premium/(Discount)-Last represented by the Conversion Price is higher than the average Premium/(Discount)-Last of the Comparable Issues; (ii) the acquisition of properties (Project King) triggers the financial needs of the Group mentioned above; and (iii) the general Share price decreasing trend during the Review Period which the exercise price set at a lower premium would increase the chance for the Subscriber to exercise of the 2017CB so as to strengthen the equity of the Group.

We note that the interest rates in respect of the Comparable Issues ranged from nil to 10.00% per annum, with an average of 5.40% per annum. The interest rate of the 2017CB, being 3% per annum, therefore falls within the range of the interest rates of the Comparable Issues and is lower than the average interest rate of the Comparable Issues.

(v) Our view

Although the initial Conversion Price represents a substantial discount to the consolidated net asset value of the Group, based on the totality of all of the factors mentioned above and having considered in particular that:

- (i) the trading liquidity of the Shares, as analysed above, was at a level that was reasonably sufficient to reflect the value of the Shares generally perceived by the market under the prevailing market conditions, while such market value of the Shares itself (which averages at approximately HK\$0.163 per Share for the last five consecutive trading days up to and including the Last Trading Day and at approximately HK\$0.169 per Share for the last 30 consecutive trading days up to and including the Last Trading Day) represents a substantial discount (of approximately 86.86% and approximately 86.37% respectively) to the consolidated net asset value per Share of approximately HK\$1.240 per Share;
- (ii) the initial Conversion Price represents a premium over the prevailing market price of the Shares on the Last Trading Day the average of the closing price for the last five consecutive trading days up to the Last Trading Day;

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- (iii) the initial Conversion Price represents a discount over the average of the closing prices for the last 30 days, and the last six months consecutive trading days up to the Last Trading Day respectively;
- (iv) the Premium/(Discount)-Last represented by the Conversion Price falls within the range of the Premium/(Discount)-Last of the Comparable Issues and is lower than the average Premium/(Discount)-Last of the Comparable Issues,

we are of the view that the Conversion Price is fair and reasonable so far as the Independent Shareholders are concerned.

*f) Our view*

Having considered that the interest rate of the 2017CB, being 3% per annum, falls within the range of the interest rates of the Comparable Issues and is lower than the average interest rate of the Comparable Issues, we are of the view that the interest rate of the 2017CB is fair and reasonable so far as the Independent Shareholders are concerned.

Having considered and analysed the aforesaid terms of the Subscription Agreement, we consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

**(3) Financial effects of the Subscription**

*a) Effect on the net asset value*

Given that the 2017CB, when being booked into the financial statements of the Group, will consist of an equity portion and a liability portion which would require assessment and valuation by a professional valuer in accordance with the Hong Kong Financial Reporting Standards, the Company is unable to assess the exact impact of the 2017CB on the net asset value of the Group until reliable estimations of the value of the 2017CB can be made as at the Issue Date.

On the other hand, it is expected that the net asset value of the Group will increase upon conversion of the 2017CB by the Subscriber into Conversion Shares as a result of the decrease in liabilities.

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*b) Effect on gearing*

As mentioned above, since the relevant accounting entries for the issue of the 2017CB have not yet been determined, the impact of the issue of the 2017CB on the gearing level of the Group could not be estimated at this stage.

*c) Effect on liquidity*

The net proceeds from the issue of the 2017CB are estimated to be approximately HK\$15,500,000, which will improve the Group's cash position.

*d) Effect on earnings*

As the 2017CB carries an interest of 3.0% per annum and will mature on the fifth anniversary of the Issue Date, the Directors expect that the future earnings of the Group will be reduced by the amount of interest expense on the 2017CB before maturity or otherwise converted into Conversion Shares.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial position of the Group will be upon completion of the Subscription Agreement.

**(B) Refreshment of General Mandate**

***(1) Background of and reasons for the Refreshment of General Mandate***

As disclosed in the Board Letter, the Existing General Mandate was granted by the Shareholders by ordinary resolution passed at the AGM held on 17 August 2016. The Existing General Mandate authorises the Directors to allot, issue or deal with a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution which were 223,321,967 Shares. As at the Latest Practicable Date, the Company has utilised approximately 99.86% of the Existing General Mandate in relation to 223,000,000 new Shares that have been allotted and issued under the placing agreement dated 8 September 2016, details of which are set out in the Company's announcement dated 8 September 2016. The aggregate net proceeds raised from the Placing amount to approximately HK\$39,600,000 and had been fully deployed as at the Latest Practicable Date as general working capital.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As a result of the above, the Existing General Mandate has been almost fully utilised, the Board proposes to seek approval of the Independent Shareholders for the proposed refreshment of the Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, there was no controlling shareholder and save for Landmark Profits and the Subscriber, none of the other Directors (excluding independent non-executive Directors) and their respective associates are interested in the Shares. As such, Landmark Profits, the Subscriber and their respective associates are required to abstain from voting in favour of the relevant resolution to approve the refreshment of the Existing General Mandate at the SGM.

The Board proposes to seek approval of the Independent Shareholders for the proposed refreshment of the Existing General Mandate such that the Directors will be granted the authority to allot, issue and deal with new Shares not exceeding 20% of the total issued share capital of the Company (“**Refreshed General Mandate**”) as at the date of passing the relevant resolution at the SGM.

As at the Latest Practicable Date, the Company had 1,911,832,059 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the Refreshment of General Mandate and, assuming all the conversion rights attached to the 2014CB, 2015CB and share options have not been exercised, on the basis that no further Shares are issued and/or repurchased by the Company up to the date of the SGM, the Company would be allowed under the Issue Mandate to allot and issue up to 382,366,411 new Shares, being 20% of the Shares in issue as at the Latest Practicable Date. On the other hand, if the conversion rights attaching to the 2014CB and share options are fully exercised after the Latest Practicable Date but before the date of the SGM, the Company will have a total issued share capital of 2,025,712,340 Shares. In such case, the refreshment of Issue Mandate would allow the Directors to allot and issue up to 405,142,468 Shares, being 20% of the Shares in issue immediately after of the full exercise of the conversion rights attaching to the 2014CB and share options.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(2) *Reasons for the proposed Refreshment of General Mandate*

(a) *Financial information of the Group*

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

As disclosed in the Company's interim report (the "**Interim Report**") for the six months ended 30 September 2016 ("**FP2016**"), the Group recorded an unaudited revenue of approximately HK\$16.6 million for FP2016, representing a decrease of approximately 76.6% from that of approximately HK\$70.9 million for the six months ended 30 September 2015 ("**FP2015**"). As disclosed in the Interim Report and according to the management of the Company, the decrease in the revenue of the Group was mainly attributable to the decrease in revenue contribution from garment sourcing and exporting segment from approximately HK\$58.2 million for the six months ended 30 September 2015 to approximately HK\$0.2 million for the six months ended 30 September 2016. For FP2016, the Group recorded a net loss of approximately HK\$35.2 million, representing an increase of approximately 2,046% from that of approximately HK\$1.6 million for FP2015. We note from the Interim Report that such increase in net loss was mainly attributable to the loss on changes in fair value of investment properties and impairment losses on financial assets. As at 30 September 2016, the cash and cash equivalent of the Group amounted to approximately HK\$209 million.

As advised by the Company, the cash and debt position of the Group as at 28 February 2017 are as follows:

	<b>As at 28 February 2017</b>	<b>Interest rate</b>	<b>Reason for borrowing and details of assets pledged</b>
	<i>HK\$'000</i>	<i>%</i>	
Cash and bank balances	613,417		
Total loan amount	780,513		

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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	<b>As at 28</b>	<b>Interest rate</b>	<b>Reason for borrowing and details of assets pledged</b>
<b>Breakdown of type of loans</b>	<b>February 2017</b>	<b>Interest rate</b>	<b>pledged</b>
	<i>HK\$'000</i>	<i>%</i>	
Mortgage Loan	95,513	HIBOR+1.5% to HIBOR+2.5%	Pledged assets of 6 Cannon Street & 148 Johnston Road
Term Loan	415,000	HIBOR+2.35%	Pledge assets for Matheson Street Project
Construction Loan	270,000	HIBOR+2%	Pledge assets for Project Inverness Road

*Note:* HIBOR represents the Hong Kong Offered Rate.

We note that certain loans of the Group are on floating rates and in view of the pace of increase interest rates in the United States, we consider that the interest rates of the Group are likely to increase in future which in turn will increase the finance costs of the Group. In addition, with reference to the total loan amount of approximately HK\$781 million as at 28 February 2017 and assuming the interest rate increased by 0.25%, the interest expense of the Group would be increased by approximately HK\$2.0 million each year which will further increase the finance costs of the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(b) *Latest business development of the Group*

We have discussed with the management of the Company and understood that based on the existing cash level and working capital requirement of the Group, the Company may not have sufficient funds for the development of any potential new projects when they arise. As disclosed in Board Letter, as at 28 February 2017, the Group had unaudited cash and cash equivalents of approximately HK\$613.4 million, of which, approximately, RMB49.5 million (equivalent to approximately HK\$55.9 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\$557.5 million, (1) approximately HK\$26.3 million has been earmarked for the acquisition of the Matheson Remaining Unit; and (2) a total of approximately HK\$202.1 million raised from the Company's previous fund-raising activities has been earmarked for the construction cost of Project Inverness; (3) an additional HK\$270 million obtained from bank financing shall be utilised for land premium and for the construction cost of Project Inverness and/or acquisition of new investment properties; (4) HK\$55.0 million is earmarked for the acquisition of FW Remaining Units; (5) and the balance HK\$4.10 million shall be applied for the general working capital of the Group. 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. Pursuant to the terms of the Subscription Agreement, upon completion thereof, the net proceeds will be used for the daily operation as the general working capital of the Company for the next 12 months. We have discussed with the Company on Company's 12 months working capital forecast from March 2017 to February 2018 and given the understanding that the Group's working capital requirements for its daily operations (exclusion of projects earmarked as stated above) would be approximately HK\$31.9 million (total cash outflow from March 2017 to August 2017 with exclusion of HK\$29.5 million increase of loans receivable) and HK\$62.1 million (total cash outflow from March 2017 to February 2018 with exclusion of HK\$29.5 million increase of loans receivable) respectively from the Latest Practicable Date up to the next annual general meeting of the Company (which will be held in around August 2017) and the next twelve months respectively, with the basis that the bank loans repayment and the interest expense can be covered by the rental income, the Group shall have sufficient working capital for daily operation for the period up to 12 months from the date of the Circular in the absence of unforeseen circumstances.

Based on the aforesaid, we are of the view that the existing working capital and the acquisition of properties mentioned above together with the possible funding from the 2017CB would have difficulties to satisfy the working capital requirements of the Group for the coming twelve months and the Group would not be able to have spare cash for investment even such opportunity arises.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In view of the above, the Group might require additional financial resources for the development of any new potential projects. Accordingly, we are of the view and concur with the view of the management of the Company that having the Refreshed General Mandate in place will provide the Company with more flexibility, in the event the Group decides to raise fund for the potential projects (among other investment opportunities) through issue of new Shares. We understand that as at the Latest Practicable Date, the Company has not identified any other concrete fund raising plan with any financial institutions and has not contemplated any further fund raising exercise.

As advised by the Directors, there is no concrete fund raising proposals as at the Latest Practicable Date, the Board is now proposing to seek the approval of the Independent Shareholders at the SGM for the grant of the refreshment of the General Mandate such that should funding needs arise or attractive terms for investments in the Shares become available from potential investors, the Board will be able to respond to the market and such investment opportunities promptly without having first to obtain the consent of the Shareholders in general meeting and to avoid the uncertainties in such circumstances that specific mandate may not be obtained in a timely manner. In view of the Group's available financial resources are tied up as stated above, we are of the view that it is essential for the Group to have the Refreshed General Mandate to maintain its flexibility to capture any potential investment whenever exists. In addition, given that the existing working capital of the Group together with the possible funding from the 2017CB would barely satisfy the working capital requirements of the Group for the coming twelve months, any increase in finance costs arisen from increase in interest rates or any unexpected expenses occur will have adverse impact to the Group as the Group may not be able to have equity fund raising in a timely manner to satisfy any sudden need of use of fund. Based on the available cash position of the Group as discussed above, we are of the opinion that the Refreshed General Mandate is meaningful for the Group to have an additional source for fund raising in timely manner so as to overcome any unprecedented increase in expenses of the Group as discussed above.

As advised by the Directors, they have also considered other financing alternatives such as debt financing to fund future business development and expansion and/or investment opportunities. However, the Directors are of the view that equity financing under general mandates (i) does not incur interest obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer; and (iii) equips the Company with the ability to capture any capital raising or prospective investment opportunities in a timely manner.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(c) *Our view*

Considering the above, in particular, (i) the fact that the capital raised from various fund raising activities of the Company during the past twelve months has either been utilised or earmarked for different projects; (ii) the advantages of using equity financing under general mandates to raise funds as discussed above; (iii) the Existing General Mandate only represents approximately 0.23% of the existing issued share capital of the Company and the next annual general meeting of the Company will only be held in around August 2017; (iv) the Group has entered into the provisional agreements with the vendors which details are set out in the announcement of the Company dated 29 March 2017; and (v) the Group may lose its business development opportunities when it identifies suitable business or investment opportunities where it does not have sufficient cash and credit resources on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group or raise funds from the equity market, or it cannot find other alternatives to finance the business development or acquisition of such investment opportunities in a timely manner, we concur with the Directors view that the reasons for refreshment of the Existing General Mandate are justifiable, and it is in the interests of the Company and the Shareholders as a whole.

(3) *Fund raising activities of the Company during the past twelve months*

Set out below is the fund-raising activity of the Company during the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds ( <i>approximate</i> )	Intended use of net proceeds	Actual use of proceeds ( <i>approximate</i> )
13 July 2016	Issue of convertible note with an aggregate principal amount of HK\$50 million which may be convertible 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 million for loan financing business (c) HK\$36.6 million for acquisition of properties

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Date of announcement	Event	Net proceeds ( <i>approximate</i> )	Intended use of net proceeds	Actual use of proceeds ( <i>approximate</i> )
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 intendeds

Save as and except the above, the Company had not conducted any other fund-raising activities in the past twelve months immediately preceding the Latest Practicable Date.

#### **(4) Flexibility in financing**

As mentioned in the section headed “2. Reasons for the proposed refreshment of the Existing General Mandate” above, the Group may consider to issue Shares to raise additional funds as and when required. As advised by the management of the Company, the Company has not identified other investment opportunities as at the Latest Practicable Date, and there is no other business arrangements/transactions/agreements/understanding that may involve possible equity fund raising activities utilising the Refreshed General Mandate as at the Latest Practicable Date.

As discussed in the foregoing, we consider that (i) the remaining proceeds from the 2017CB have been earmarked for specific purposes including general working capital; (ii) the refreshment of the Existing General Mandate would provide the Company with the necessary flexibility to fulfil any possible funding needs and other future business development and/or investment decisions; (iii) the maximum number of the Share that can be further allotted and issued under the Existing General Mandate is 382,366,412 Shares, representing only approximately 20% of the issued share capital of the Company as at the Latest Practicable Date; and (iv)

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according to the management of the Company, the Next AGM is expected to be held in about August 2017, which is approximately five months from the Latest Practicable Date, and the Refreshed General Mandate will allow the Company to have sufficient flexibility to grasp appropriate fund raising opportunities during this period. The refreshment of the Existing General Mandate would provide the Company with the flexibility as allowed under the Listing Rules to allot and issue new Shares for equity fund raising activities, such as placing of new Shares, or as consideration for potential investments in the future as and when such opportunities arise. Furthermore, the additional amount of equity which may be raised after the refreshment of the Existing General Mandate would provide the Group with more financing options when assessing and negotiating potential investments in a timely manner. Given the financial flexibility available to the Company as discussed above, we are of the opinion that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

**(5) *Other financing alternatives***

As stated in the section headed “(A) The Subscription — (1) Reasons for entering into the Subscription Agreement — Financing alternatives” above, the Company completed the placing of new Shares on 27 February 2017 and understood from the placing agent that the terms of further placing would not be favourable given that specific mandate is required (as the Company has almost used up its Existing General Mandate) which will be time consuming and discouraging for some potential investors. The Company has also considered rights issue but given that the last rights issue was voted down by Shareholders on 15 December 2016, the Directors are of the view that it is inappropriate to restate the same financing method within such short period of time.

Having considered that (i) issuing shares under the Refreshed General Mandate is less time (normally about 2 weeks) consuming than other fund raising methods (normally would be completed in not less than 2 months); (ii) the Refreshed General Mandate will enhance the Company’s capability to capture prospective investment opportunity in timely manner as and when it arises; (iii) the refreshment of the Existing General Mandate does not incur any interest paying obligations on the Group as compared to debt financing; and (iv) the management of the Company confirmed that in the event the Company intends to raise fund, they would exercise due and careful consideration when choosing the best financing method then available to the Company including, among others, placing of Shares under the Refreshed General Mandate, rights issue, open offer and debt financing, we are of the view and concur with the view of the management of the Company that the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### (6) *Potential dilution to the Independent Shareholders' interests*

The table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) for illustration purpose only, immediately upon the issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB; (iii) for illustration purpose only, immediately upon full utilisation of the Issue Mandate assuming that no other change to the share capital of the Company from the Latest Practicable Date up to the date of the SGM; (iv) for illustration purpose only, both (ii) and (iii) above happen:

	(i) As at the Latest Practicable Date		(ii) Immediately upon the issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB <i>(Note 1)</i>		(iii) Immediately upon the full utilisation of the Issue Mandate (assuming no other Shares are issued and/or repurchased by the Company from Latest Practicable Date up to the date of the SGM)		(iv) Immediately upon the full utilisation of Issue Mandate and issue of 2017CB and full exercise of the conversion rights of 2014CB and 2017CB	
					No. of Shares		No. of Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>The Subscriber and parties acting in concert with it</b>								
Landmark Profits	93,549,498	4.89	93,549,498	4.65	93,549,498	4.08	93,549,498	3.91
Goodco								
— Shares	363,781,194	19.03	363,781,194	18.07	363,781,194	15.86	363,781,194	15.19
— underlying Shares of 2014CB <i>(Note 2 &amp; 4)</i>	880,281	—	880,281	0.04	880,281	—	880,281	0.04
— underlying Shares of 2017CB <i>(Note 3 &amp; 4)</i>	—	—	100,000,000	4.97	—	—	100,000,000	4.18
<b>Sub-total</b>	<b>457,330,692</b>	<b>23.92</b>	<b>558,210,973</b>	<b>27.73</b>	<b>457,330,692</b>	<b>19.94</b>	<b>558,210,973</b>	<b>23.32</b>
<b>Public:</b>								
Existing public								
Shareholders	1,454,501,367	76.08	1,454,501,367	72.27	1,454,501,367	63.39	1,454,501,367	60.72
Shares to be issued under the Issue Mandate	—	—	—	—	382,366,412	16.67	382,366,412	15.96
<b>Total</b>	<b>1,911,832,059</b>	<b>100.00</b>	<b>2,012,712,340</b>	<b>100.00</b>	<b>2,294,198,471</b>	<b>100.00</b>	<b>2,395,078,752</b>	<b>100.00</b>

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*Notes:*

1. The figures are derived based on the existing shareholding structure of the Company and the assumption that save for the allotment and issue of 100,000,000 Conversion Shares to the Subscriber, there will be no change in the issued share capital of the Company from the Latest Practicable Date up to and including the date of issue of such Conversion Shares resulting from conversion in full of the 2017CB.
2. The entire issued share capital of the Subscriber is indirectly held by Easyknit.
3. The entire issued share capital of Landmark Profits is directly held by Easyknit.
4. 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.
5. Assuming no exercise of the 2015CB which Madian Star Limited may convert at any time within the 2-year period commencing from 12 June 2015 for 260,606,060 Shares. As at the Latest Practicable Date, Madian confirmed it has no intention to exercise the conversion rights attached to 2015CB given that these is a proposed amendment of the terms of 2015CB (please refer to “C. SECOND DEED OF AMENDMENTS to 2015CB” of this circular) and shall only exercise the conversion rights at the time when Madian prefers to have equity interests in the Company.
6. Assuming no exercise of the 113,000,000 share options which were granted to the Directors and employees of the Company on 14 October 2016 as the conversion price HK\$0.176 which is higher than the current market Share price.

The table above illustrates that existing Shareholders will be subject to dilution of their shareholding in the Company upon full exercise of the 2017CB and full utilisation of the Refreshed General Mandate. The shareholding of the existing public Shareholders would decrease from approximately 76.08% as at the Latest Practicable Date to approximately 60.72% upon full exercise of the 2017CB and full utilisation of the Issue Mandate, representing a potential maximum decrease in shareholding of approximately 15.36%.

Notwithstanding that the Company has carried out various fund raising activities in the past twelve months as set out in section headed “3. Fund raising activities of the Company during the past twelve months” above, and the shareholding of the existing Shareholders will be diluted by at most 15.36% upon full exercise of the 2017CB and full utilisation of the Refreshed General Mandate as discussed above, taking into account that (a) the Subscription (i) will enhance the cash position of the Group and provide the Group with necessary financial resources to capture future business expansion when such opportunities arise and these opportunities may help to improve the Group’s performance; (ii) the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned as discussed in the section headed “Principal terms of the Subscription Agreement” above; (iii) the market demand of other equity financing

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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alternatives being relatively lower than that of the proposed issue of 2017CB; (b) the refreshment of the Existing General Mandate (i) allows the Company to raise capital by allotment and issuance of new Shares before the next annual general meeting; (ii) would provide an alternative to increase the amount of capital which may be raised thereunder; (iii) would provide more flexibility and options of financing to the Group for the acquisition for future investments and business developments; the Company will be able to respond in a timely and effective manner to take advantages of any business opportunities for the benefit of the Company and its Shareholders as a whole; and (iv) can strengthen the capital base of the Company, and also having considered that (a) any funds raised by utilising the Refreshed General Mandate is non-interest bearing and requires no collaterals or pledge of securities; (b) the proceeds obtained by the Group in the equity fund-raising activities in the past twelve months are mainly for the acquisition of properties and FW Remaining Units; and (c) the shareholdings of all Shareholders will be diluted proportionately to their respective shareholding upon any utilisation of the Refreshed General Mandate, we concur with the Directors' view that such potential dilution to the shareholdings of the existing public Shareholders is acceptable.

In view of the above, we consider that the Subscription and the refreshment of the Existing General Mandate is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### RECOMMENDATION

Having taken into consideration the factors and reasons stated above, we are of the opinion that (i) although the entering into of the Subscription Agreement is not in the ordinary and usual course of business of the Group, it is on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole; (ii) the terms of the Subscription and the refreshment of the Existing General Mandate are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Subscription Agreement (together with the transactions contemplated therein, including the issue of the 2017CB, the allotment and issue of the Conversion Shares) and the refreshment of the Existing General Mandate.

Yours faithfully,

For and on behalf of  
**Red Sun Capital Limited**

**Robert Siu**  
*Managing Director*

*Note:* Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and a responsible officer of Red Sun Capital Limited to carry out type 6 (advising on corporate finance) regulated activities under the SFO and has over 18 years of experience in corporate finance industry.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' interest in Shares, underlying Shares and debentures

As at the Latest Practicable Date, the Directors and the chief executive of the Company had the following interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

#### *Long positions in Shares:*

Name of Director	Capacity	Number of Shares held	Number of underlying Shares held	Total	Approximate percentage of interest
Ms. Lui Yuk Chu	Beneficiary of a trust <i>(note i)</i>	457,330,692	23,480,281	480,810,973	25.15%
Ms. Koon Ho Yan Candy	Beneficiary of a trust <i>(note ii)</i>	457,330,692	12,180,281	469,510,973	24.56%

*Notes:*

- (i) These Shares are respectively registered in the name of and are beneficially owned by Landmark Profits Limited (“**Landmark Profits**”) and Goodco, both are wholly-owned subsidiaries of Easyknit. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit and it is wholly-owned by Ms. Lui Yuk Chu. Magical Profits Limited (“**Magical Profits**”) is interested in approximately 36.74% of the issued share capital of Easyknit. Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by The Winterbotham Trust Company Limited (“**Winterbotham Trust**”) as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). For the 23,480,281 underlying Shares, of which 880,281 are the underlying Shares of 2014CB held by Goodco and the remaining 22,600,000 underlying Shares of the share options granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016.
- (ii) Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. For the 12,180,281 underlying Shares, of which 11,300,000 underlying Shares of the share options granted to Ms. Koon Ho Yan Candy on 14 October 2016.

***Long positions in underlying Shares:***

Name of Director	Date of grant	Exercise price per Share (HK\$)	Number of Share options outstanding	Exercise period	Number of underlying Shares	Approximate
						percentage of underlying Shares in the Company's total issued share capital (note 1)
Lui Yuk Chu	14 October 2016	0.176	11,300,000	14 Oct 2016 – 13 Oct 2019	11,300,000	0.59%
Koon Ho Yan Candy	14 October 2016	0.176	11,300,000	14 Oct 2016 – 13 Oct 2019	11,300,000	0.59%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' interest in Shares and underlying Shares**

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the persons (“**Substantial Shareholders**”) (other than the Directors or the chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital are set out below:

Name of Shareholder	Note	Capacity	Number of Shares held (long position)	Number of underlying Shares held	Total	Approximate percentage of interest
Koon Wing Yee	<i>i</i>	Interest of spouse	457,330,692	23,480,281	480,810,973	25.15%
Landmark Profits	<i>i &amp; ii</i>	Beneficial owner	93,549,498	—	93,549,498	4.89%
Goodco	<i>i &amp; ii</i>	Beneficial owner	363,781,194	880,281	364,661,475	19.07%
Easyknit International	<i>i &amp; ii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Magical Profits	<i>i &amp; iii</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Accumulate More Profits Limited	<i>i</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Winterbotham Trust	<i>i &amp; iv</i>	Trustee	457,330,692	880,281	458,210,973	23.97%
Winterbotham Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Markson International Holdings Limited	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Christopher Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Ivan Geoffrey Douglas Hooper	<i>iv</i>	Interest of controlled corporation	457,330,692	880,281	458,210,973	23.97%
Madian Star Limited		Beneficial owner	—	260,606,060	260,606,060	18.49%
Lung Chung Chi		Beneficial owner	229,265,000	—	229,265,000	12.15%
Hu Rong		Beneficial owner	156,310,000	—	156,310,000	8.18%
Able Merchant Limited		Beneficial owner	152,222,222	—	152,222,222	9.74%

*Notes:*

- (i) In the 457,330,692 Shares, 93,549,498 Shares and 363,781,194 Shares are registered in the name of and beneficially owned by Landmark Profits and Goodco respectively, both are the wholly-owned subsidiaries of Easyknit. Goodco is also interested in 880,281 underlying Shares (subject to adjustment) to be issued upon the full conversion of the 2014 CB. Sea Rejoice Limited is interested in approximately 21.95% of the issued share capital of Easyknit International and it is wholly-owned by Ms. Lui Yuk Chu, a Director. Magical Profits is interested in approximately 36.74% of the issued share capital of Easyknit Magical Profits is wholly-owned by Accumulate More Profits Limited which in turn is wholly-owned by Winterbotham Trust as the trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Ms. Koon Ho Yan Candy, the daughter of Ms. Lui Yuk Chu and a Director, is deemed to be interested in the Shares by virtue of her capacity as one of the beneficiaries of The Magical 2000 Trust. Mr. Koon Wing Yee, being the spouse of Ms. Lui Yuk Chu, is deemed to be interested in the 457,330,692 Shares. For the 23,480,281 underlying Shares, of which 880,281 are the underlying Shares of 2014CB held by Goodco and the remaining 22,600,000 underlying Shares of the share options granted to Ms. Lui Yuk Chu and Mr. Koon Wing Yee (the spouse of Ms. Lui Yuk Chu) on 14 October 2016.
- (ii) Mr. Kwong Jimmy Cheung Tim and Ms. Lui Yuk Chu, being Directors, are also directors of Landmark Profits, Goodco and Easyknit. Ms. Koon Ho Yan Candy, being a Director, is also a Director of Easyknit.
- (iii) Ms. Lui Yuk Chu, being a Director, is also a director of Sea Rejoice Limited and Magical Profits.
- (iv) Winterbotham Trust is trustee of The Magical 2000 Trust (the beneficiaries of which include Ms. Lui Yuk Chu and her family members other than her spouse). Winterbotham Trust is owned as to 75% by Winterbotham Holdings Limited (“Winterbotham Holdings”) and 25% by Markson International Holdings Limited (“Markson”) respectively. Winterbotham Holdings is owned as to approximately 99.99% by Mr. Christopher Geoffrey Douglas Hooper. And Markson is owned as to 60% by Mr. Christopher Geoffrey Douglas Hooper and 40% by Mr. Ivan Geoffrey Douglas Hooper respectively.

### 3. DIRECTORS’ SERVICE CONTRACTS

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

### 4. DIRECTORS’ INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2016 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

**5. DIRECTORS' INTEREST IN COMPETING BUSINESS**

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

**6. MATERIAL CHANGE**

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 March 2016, the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date, save as disclosed in

- (i) the Company's announcement dated 13 June 2016 and 13 July 2016 relating to the acquisition of Treasure Arts International Group Limited ("TAI") for a total consideration of HK\$51,891,900 was satisfied by internal resources of the Company, and the completion date was 3 August 2016. TAI is an investment holding company and its sole assets is the 20 units of the FW Building;
- (ii) the Company's announcement dated 3 August 2016 relating to the acquisition of Daily Leader Limited ("DLL") for a total consideration of HK\$64,525,000 was satisfied by internal resources of the Company, and the completion date was 13 October 2016. DLL is an investment holding company and its sole assets is the 5 units of the FW Building; and
- (iii) 17 provisional agreements were entered into between Wealth Plan Development Limited as purchaser, an indirectly wholly-owned subsidiary of the Company, and the vendors on 28 March 2017 relating to the sale and purchase of 18 units and 2 car park units of Wing Cheong Factory Building at No. 121 King Lam Street, Kowloon, Hong Kong for an aggregate consideration of HK\$226,052,500.

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## NOTICE OF SPECIAL GENERAL MEETING

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### EMINENCE ENTERPRISE LIMITED

### 高山企業有限公司

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 616)**

## NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the special general meeting (the “**Meeting**”) of Eminence Enterprise Limited (the “**Company**”) will be held at Block A, 7th Floor, Hong Kong Spinners Building, Phase 6, 481-483 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong, on Wednesday, 26 April 2017, at 9:10 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, with or without amendments, as ordinary resolutions of the Company:

### **ORDINARY RESOLUTIONS TO BE VOTED BY INDEPENDENT SHAREHOLDERS**

1. “**THAT:**

#### **REFRESHMENT OF GENERAL MANDATE**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (the “**Shares**”) and to make or grant offers, agreements, options, including warrants to subscribe for shares, which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorizations given to the Directors and shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option, a conversion or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

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## NOTICE OF SPECIAL GENERAL MEETING

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- (i) a Rights Issue (as defined in paragraph (d) below);
- (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares;
- (iii) the exercise of any options granted under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; and
- (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on the Shares in accordance with the bye-laws of the Company in force from time to time,

shall not exceed the aggregate of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by Bermuda law or the Company’s bye-laws to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to

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## NOTICE OF SPECIAL GENERAL MEETING

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such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or stock exchange in any territory outside Hong Kong).”

### ORDINARY RESOLUTIONS TO BE VOTED BY INDEPENDENT SHAREHOLDERS

#### 2. THAT:

##### SUBSCRIPTION AGREEMENT

- (a) the subscription agreement dated 1 March 2017 entered into between the Company and Goodco Development Limited (the “**Subscriber**”) (a copy of which is produced to the Meeting marked “A” and signed by the chairman of the Meeting for identification purposes) in relation to the subscription of the convertible note in an aggregate principal amount of HK\$16,000,000 (the “**2017CB**”) to be issued by the Company and all transactions contemplated thereunder and in connection therewith, be and are hereby approved, confirmed and ratified;
- (b) conditional upon the listing committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, the Conversion Shares (as defined below), the directors of the Company (the “**Directors**”) be and are hereby authorized to: (i) issue the 2017CB to the Subscriber; and (ii) allot and issue such ordinary shares of HK\$0.01 each in the share capital of the Company which may fall to be issued upon exercise of the conversion rights attaching to the 2017CB (the “**Conversion Shares**”) on the terms and subject to the conditions of the 2017CB; and
- (c) the Directors be and are hereby authorized to, for and on behalf of the Company, execute all such documents, instruments and agreements, and do all such acts or things, as they may consider necessary, desirable or expedient to give effect to the Subscription Agreement and all the transactions contemplated thereunder.”

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## NOTICE OF SPECIAL GENERAL MEETING

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### ORDINARY RESOLUTIONS TO BE VOTED BY ALL SHAREHOLDERS

#### 3. THAT:

##### ISSUE OF REVISED CONVERSION SHARES OF 2015CB

- (a) conditional upon the listing committee of The Stock Exchange of Hong Kong Limited approving the listing of, and granting the permission to deal in, the Revised Conversion Shares (as defined below), the directors of the Company (the “**Directors**”) be and are hereby authorized to allot and issue such ordinary shares of HK\$0.01 each in the share capital of the Company which may fall to be issued upon exercise of the conversion rights attaching to the 2015CB (the “**Revised Conversion Shares**”) on the terms and subject to the conditions of the Second Deed of Amendments of 2015CB; and
- (b) the Directors be and are hereby authorized to, for and on behalf of the Company, execute all such documents, instruments and agreements, and do all such acts or things, as they may consider necessary, desirable or expedient to give effect to the Subscription Agreement and all the transactions contemplated thereunder.”

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

Hong Kong, 5 April 2017

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

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

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

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## NOTICE OF SPECIAL GENERAL MEETING

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*Notes:*

1. A form of proxy for use at the Meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the Meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the above Meeting.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Meeting convened and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the Meeting, whether in person or by proxy, the most senior shall alone be entitled to vote. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.