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**英皇國際集團有限公司**  
**Emperor International Holdings Limited**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 163)**

**MAJOR AND CONNECTED TRANSACTION**  
**DISPOSAL OF ENTIRE EQUITY INTEREST IN TARGET COMPANY**

On 6 January 2023, the Vendor entered into the Sale and Purchase Agreement with the Purchaser in relation to the sale and purchase of the entire equity interest in the Target Company and the Vendor's loan due from the Target Company to the Vendor at a consideration of approximately HK\$1,137.3 million (subject to adjustments), which consists of (1) the net asset value of the Target Group (calculated on a combined basis) with reference to the fair market valuation of the Property; and (2) the Vendor's loan. For details, please refer to the section headed "Consideration and payment terms" in this announcement.

The Disposal constitutes a major and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules and is subject to announcement, Independent Shareholders' approval and reporting requirements under the Listing Rules.

**INTRODUCTION**

The Board announces that on 6 January 2023, after trading hours, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, in relation to the sale and purchase of (a) the Sale Share and (b) the Sale Loan.

**THE SALE AND PURCHASE AGREEMENT**

The Vendor: Emperor Property

The Purchaser: New Global

**Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) the Sale Share; and (b) the Sale Loan.

**Consideration and payment terms**

The consideration for the Disposal payable by the Purchaser to the Vendor is approximately HK\$1,137.3 million (subject to adjustments) and shall be settled by the Purchaser by cash transfer to the designated bank account of the Vendor or such other method as mutually agreed by the Vendor and Purchaser upon Completion.

The consideration was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the Management Accounts mainly: (i) the fair market valuation of the Property of HK\$1,160.0 million as at 23 December 2022 as indicated by an independent professional valuer; (ii) the loan due from the Target Company to the Vendor of approximately HK\$77.9 million as at 30 November 2022; and (iii) the unaudited combined net asset value of the Target Group of approximately HK\$1,059.4 million as at 30 November 2022 after adjustment on the book value of the Property to HK\$1,160.0 million.

The consideration is subject to the following adjustments by reference to the Completion Accounts:

- (a) reduced by any increase (or increased by any decrease, as the case may be) in the amount of any and all liabilities, including but not limited to, accrued expenses and deferred tax by the same amount but excluding the Sale Loan, all as shown between the Management Accounts and the Completion Accounts; and
- (b) increased by any increase (or decreased by any decrease, as the case may be) in the amount (if any) of the following assets (which for the avoidance of doubt excluding the Property, fittings and equipment) of the Target Group, by the same amount, all as shown between Management Accounts and Completion Accounts:—
  - (i) rental receivables, prepayment in respect of rates, government rent (if any), insurance premium (if any) and other outgoings recoverable from tenants, licensee or any third party in respect of the Property covering the period from but excluding the Completion Date;
  - (ii) refundable and subsisting management fee deposits and utility deposits placed with relevant authorities or suppliers for the supply of any utilities or services to the Property; and
  - (iii) other receivables (excluding rental incentives), tax recoverable, any bank or cash balance of the Target Group as at the Completion Date.

### **Conditions precedent**

Completion shall be conditional upon the following conditions precedent:

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and other aspects of the Target Group and is reasonably satisfied with the results thereof;
- (b) the Vendor having proved the good title to the Property in accordance with Section 13 of the Conveyancing and Property Ordinance and delivered to the Purchaser title deeds and documents in accordance with Section 13A of the Conveyancing and Property Ordinance;
- (c) the Target Group having completed its restructuring so that the Property and the fittings and equipment will be free from encumbrances (except the tenancy agreements entered into by the Property Company as landlord) and the only landed properties and fixed assets of the Target Group;
- (d) the approval by the Independent Shareholders of the Sale and Purchase Agreement and the transactions contemplated thereunder at SGM; and
- (e) the consideration, after adjustment upon Completion, shall not exceed HK\$1,200.0 million.

In the event that any of the foregoing conditions is not fulfilled (or otherwise waived by the Purchaser, except conditions (c), (d) & (e) above) in accordance with the terms of Sale and Purchase Agreement on or before the Long Stop Date, either the Vendor or the Purchaser shall be entitled to terminate the Sale and Purchase Agreement by notice in writing to the other party whereupon, subject to the terms of the Sale and Purchase Agreement, the Vendor shall return to the Purchaser all money paid by the Purchaser to the Vendor under the Sale and Purchase Agreement (if any) forthwith without costs, compensation and interest and neither party shall have any claim against the other thereon save and except for any antecedent breach.

## **Completion**

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except conditions (c), (d) & (e) above), Completion shall take place at or before 12:00 noon on the Completion Date or at such time as may be agreed by the Vendor and Purchaser in writing pursuant to the Sale and Purchase Agreement.

Immediately after Completion, the Target Group will cease to be subsidiaries of the Company and the Company will cease to have any equity interest in the Target Group.

## **INFORMATION OF THE COMPANY AND THE VENDOR**

The Company is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. The Vendor is a direct wholly-owned subsidiary of the Company with principal business of investment holding.

## **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated in the BVI. Its principal business is investment holding and it is indirectly controlled by a private discretionary trust.

## **INFORMATION OF THE TARGET GROUP AND THE PROPERTY**

### **Information of the Target Group**

The Target Company is a company incorporated in the BVI and indirectly wholly-owned by the Company. The principal business of the Target Group as a whole is property investment holding. The Target Company is the indirect beneficial owner of the Property through the Property Company. The Property Company is a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Target Company. The Property Company is directly holding the Property and engaged in the business of property investment.

For the purpose of this announcement, assuming the Target Group had been formed since 1 April 2020, the unaudited pro forma combined financial information of the Target Group for the two years ended 31 March 2021 and 2022 is set out below:

	<b>For the year ended 31 March 2022 (unaudited) HK\$ '000</b>	<b>For the year ended 31 March 2021 (unaudited) HK\$ '000</b>
Revenue	4,981	887
(Loss)/Profit before taxation	(16,592)	95,942
(Loss)/Profit after taxation	(18,220)	97,596

The unaudited pro forma combined total asset value and net asset value of the Target Group as at 30 November 2022 were approximately HK\$1,163.6 million and approximately HK\$1,059.4 million respectively.

### **Information of the Property**

The Property, *Lane Up*, is a 13-storey commercial complex occupying a gross floor area of approximately 173,000 square feet located at No. 4 Kin Fat Lane, Tuen Mun, spanning diverse functions such as food and beverage, retail and office spaces. It has been revitalised and transformed from an industrial building into a commercial complex in 2021.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Company will not hold any equity interest in the Target Group and they will cease to be subsidiaries of the Company.

Taking into account (i) the consideration for the Disposal of approximately HK\$1,137.3 million, (ii) the unaudited pro forma combined net asset value of the Target Group as at 30 November 2022 in the amount of approximately HK\$1,059.4 million after adjustment on the book value of the Property to HK\$1,160.0 million as at 23 December 2022 as indicated in a preliminary valuation report prepared by an independent professional valuer; and (iii) the amount of Sale Loan of approximately HK\$77.9 million as at 30 November 2022, the Directors do not expect to recognise any gain/loss from the Disposal.

The aforesaid estimation is for illustrative purpose only and does not purport to represent the financial position of the Group after Completion. The actual financial effects of the Disposal will be determined with reference to the financial status of the Target Group as at the Completion Date.

The net proceeds from the Disposal is estimated to be approximately HK\$1,136.8 million (subject to adjustments), which will be used for future business development of the Group and as general working capital.

## **REASONS AND BENEFITS FOR THE DISPOSAL**

The Group pursues quality properties with growth potential, which are mainly premium office towers and commercial complexes located in key commercial districts, as well as retail spaces in popular shopping areas, in its core investment properties portfolio. Adopting a portfolio optimisation strategy, the Group examines its portfolio regularly to (i) expand the portfolio by acquisition of quality properties; (ii) enhance the asset value by redevelopment and refurbishment work on existing portfolio; and (iii) unlock the asset value by disposal of non-core assets.

After a regular review of the business operation of its investment portfolio, the Group is of the view that the Property is located beyond the central business districts and is regarded as a non-core investment property with limited chances of further enhancement of rental yield or substantial value appreciation. Therefore, the management considered the Disposal a good opportunity to crystallise the appreciated value of the asset of approximately HK\$882.6 million against its total investment cost of approximately HK\$277.4 million (including the acquisition cost and the cost of the revitalisation exercise). The Disposal will release a net proceeds of approximately HK\$1,136.8 million (subject to adjustments) to the Group for general working capital, and will strengthen its financial position for future investment opportunities and enhance its investment portfolio for higher return.

The Directors (save and except that the views of the independent non-executive Directors representing the Independent Board Committee with regard to the Sale and Purchase Agreement and the transactions contemplated thereunder shall be set out in the circular) considers that the terms and conditions for the Disposal are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal ((i) on a standalone basis; or (ii) when aggregating with the Previous Disposal pursuant to Rule 14.22 of the Listing Rules) exceeds 25% but less than 75%, the Disposal constitutes a major disposal of the Company under Chapter 14 of the Listing Rules. The Vendor is a wholly-owned subsidiary of the Company. The Company and the Purchaser are both indirectly controlled by the respective private discretionary trusts which were all set up by Dr. Yeung who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, the Purchaser is a deemed connected person of the Company and as one or more of the applicable percentage ratios (as defined in Listing Rules) in respect of the Disposal are greater than 5%, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Disposal is subject to announcement, Independent Shareholders' approval and reporting requirements under the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established by the Company to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder and an independent financial adviser will be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in the same regard.

Ms. Luk Siu Man, Semon, the Chairperson and a non-executive Director and Mr. Yeung Ching Loong, Alexander, the Vice Chairman and an executive Director, did abstain from voting on the relevant board resolution(s) of the Company in view of their deemed interest in the Disposal by virtue of being an associate of the eligible beneficiaries of the private discretionary trusts that control the Company and the Purchaser and being one of the eligible beneficiaries of such trusts respectively. As Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa and Mr. Cheung Ping Keung, being the executive Directors, take up the management role in the counter-party to the Sale and Purchase Agreement, for sake of prudence, they also abstained from voting on the Board resolutions approving the Disposal and the transactions contemplated under the Sale and Purchase Agreement. Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

## **GENERAL**

A circular containing, amongst other things, (i) further information on the Disposal; (ii) a letter from the Independent Board Committee in respect of the Disposal; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Disposal; (iv) the valuation report of the Property; and (v) a notice convening the SGM, will be sent to the Shareholders by the Company. The Directors expected that the circular will be despatched on or before 10 February 2023 in order to allow the Company sufficient time to prepare the necessary information for inclusion in the circular.

## **TERMS USED IN THIS ANNOUNCEMENT**

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“associates”	has the meaning ascribed to it in the Listing Rules
“Board” or “Directors”	the board of directors of the Company
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone No.8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are generally open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Company”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement

“Completion Accounts”	the accounts of the Target Group (on a combined basis) comprising a statement of profit or loss for the period from 1 April 2022 to the Completion Date and a statement of financial position as at the Completion Date
“Completion Date”	within 3 Business Days following satisfaction (or waived by the Purchaser as appropriate) of all the conditions precedent to Completion under the section headed “Conditions Precedent” in the announcement pursuant to the Sale and Purchase Agreement or such other date as mutually agreed by the Vendor and the Purchaser, but in any event no later than the Long Stop Date
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser under the Sale and Purchase Agreement
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor Property” or “Vendor”	Emperor Property Investment Limited, a company incorporated in the BVI and directly wholly-owned by the Company
“Group”	the Company and its subsidiaries from time to time, including but not limited to the Target Group
“HK\$”	Hong Kong dollar
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Disposal
“Independent Shareholder(s)”	the Shareholder(s) who do not have material interest in the transactions contemplated under the Sale and Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2023 or such other date as mutually agreed by the Vendor and the Purchaser

“Management Accounts”	the unaudited management accounts of the Target Group comprising a statement of profit or loss for the period from 1 April 2022 to 30 November 2022 and a statement of financial position as at 30 November 2022
“New Global” or “Purchaser”	New Global Developments Limited, which is a company incorporated in the BVI whose principal business is investment holding and is indirectly controlled by a private discretionary trust as set up by Dr. Yeung
“PRC”	The People’s Republic of China
“Previous Disposal”	the previous disposal of entire issued share of Fortune Silver Limited and all loan, interest and all other sums owing by Fortune Silver Limited to Vendor, details of which are set out in the announcement of the Company dated 28 December 2021 and the circular of the Company 26 January 2022
“Property”	ALL THAT piece or parcel of ground registered in the Land Registry as TUEN MUN TOWN LOT NO.102 Together with the messuages erections and buildings thereon now known as “LANE UP”, No.4 Kin Fat Lane, Tuen Mun, New Territories, Hong Kong
“Property Company”	Golden Pegasus Investment Limited, a company incorporated in Hong Kong with limited liability and directly wholly-owned by the Target Company and being the beneficial and registered owner of the Property
“Sale and Purchase Agreement”	the sale and purchase agreement dated 6 January 2023 entered into between the Vendor and Purchaser in relation to the Disposal
“Sale Loan”	all loan, interest and all other sums owing by the Target Company to the Vendor as at the Completion Date
“Sale Share”	1 share of US\$1.00 in the Target Company being the entire issued share in the Target Company
“SGM”	a special general meeting (or an adjournment thereof) of the Company to be convened to consider and, if think fit, approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Famous Gain Investments Limited, a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Target Group”	Target Company and Property Company
“%”	per cent

By order of the Board  
**Emperor International Holdings Limited**  
**Luk Siu Man, Semon**  
*Chairperson*

Hong Kong, 6 January 2023

As at the date of this announcement, the Board comprises:

*Non-executive Director:* Ms. Luk Siu Man, Semon

*Executive Directors:* Mr. Yeung Ching Loong, Alexander  
Mr. Wong Chi Fai  
Ms. Fan Man Seung, Vanessa  
Mr. Cheung Ping Keung

*Independent Non-executive Directors:* Mr. Chan Hon Piu  
Mr. Chu Kar Wing  
Mr. Poon Yan Wai