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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

On 3 March 2023, the Company entered into the 2023 Master Agreement with Ulferts in relation to its continuous purchase of furniture products and obtaining of furniture procurement consultancy services for its property-related projects and hotel operation from Ulferts Group.

The Transactions under the 2023 Master Agreement are subject to announcement, reporting and annual review requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

INTRODUCTION

The Board announces that on 3 March 2023, the Company entered into the 2023 Master Agreement with Ulferts, pursuant to which the Group will continue to purchase furniture products and obtaining of furniture procurement consultancy services for its property-related projects and hotel operation from Ulferts Group.

THE 2023 MASTER AGREEMENT

Date

3 March 2023

Parties

- (1) the Company; and
- (2) Ulferts

Term

The term shall take effect from 1 April 2023 up to and including 31 March 2026 or such other duration (subject to a maximum period of three years) as agreed by the parties from time to time.

General terms of the 2023 Master Agreement

Pursuant to the 2023 Master Agreement, all existing and new Definitive Operation Agreements entered/to be entered into between members of Ulferts Group and members of the Group from time to time during the term of the 2023 Master Agreement in respect of the Transactions shall always be subject to the 2023 Master Agreement. Each of the Definitive Operational Agreements shall contain the price and other specific terms of the Products or Consultancy Services on an order-by-order basis. The Company wishes to restate the principles of the Transactions as follows:-

- (a) the prices and terms of the Definitive Operational Agreement(s) with respect to the Products and Consultancy Services provided or to be provided by members of Ulferts Group shall be determined in the ordinary course of business and on normal commercial terms, negotiated on an arm's length basis and at prices and terms no more favourable to Ulferts Group, or no less favourable to the Group, than those to independent third parties; and
- (b) the prices and terms of the Definitive Operational Agreement(s) shall be considered by both parties to be fair and reasonable in their respective views.

In pricing the Products and Consultancy Services, Ulferts Group will take into consideration factors which are common and reasonable for providers of similar products and services, such as quantity, delivery timing, type of products and services or complexity of the projects, expiry dates and restrictions of the coupons for determining the discount on the face value of the coupons and other relevant factors.

Members of the Group shall have an option to obtain from third party suppliers other than Ulferts Group for the Products and Consultancy Services and Ulferts Group shall not be bound to accept any order or provide any products and services other than the pre-agreed outstanding contracts.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amount paid/payable by the Group to Ulferts Group in relation to the Products and Consultancy Services during the financial years ended 31 March 2021 and 2022 and the period from 1 April 2022 and up to the date of this announcement are approximately HK\$7.1 million, HK\$0.1 million and HK\$1.5 million respectively.

The Previous Annual Caps under the 2020 Master Agreement are HK\$10.0 million, HK\$13.0 million and HK\$15.0 million for each of the financial years ended/ending 31 March 2021, 2022 and 2023 respectively. None of the Previous Annual Caps for each of the financial years ended/ending 31 March 2021, 2022 and 2023 was exceeded or is expected to be exceeded.

AGGREGATE ANNUAL CAPS

The Aggregate Annual Caps for the Transactions are HK\$13.0 million for each of the financial years ending 31 March 2024, 2025 and 2026 respectively.

In determining the Aggregate Annual Caps for the Transactions, the following principal factors have been taken into consideration:-

- (i) the Products and Consultancy Services purchased from Ulferts Group are usually utilised as part of refurbishment in property-related projects and hotel operation; and/or distribution during promotion campaigns;
- (ii) the historical transaction amounts paid to Ulferts Group for the Products and Consultancy Services; and
- (iii) the completion schedules of major property development projects of the Group for each of the financial years ending 31 March 2024, 2025 and 2026.

INTERNAL CONTROL PROCEDURES FOR THE TRANSACTIONS

Relevant members of the Group shall obtain quotations from different suppliers for comparison before making a purchase. Quotations received shall be assessed by such member based on a number of factors, such as price, quality, payment terms, delivery terms and length of the business relationship, the supplier with the best overall quotation will be selected. For specific types of the products and services that are not widely available by suppliers, such member may only be able to obtain less than three quotations. In that instance, such member will compare the quotations provided by Ulferts Group and the independent third party (if any). Such member shall negotiate directly with those suppliers, on an arm's length basis, based on the above-mentioned factors.

In addition, to ensure that the Definitive Operational Agreement(s) will be entered into in accordance with the general terms of the 2023 Master Agreement and the requirements of Chapter 14A of the Listing Rules, (i) the management of the Company will assess each of the Definitive Operational Agreements with the aforementioned procedures; (ii) the relevant departments of the Group will record the transaction amount to ensure that the Aggregate Annual Caps will not be exceeded; (iii) the Group will engage the external auditor to conduct an annual review of the Transactions to opine on whether the Aggregate Annual Caps have been exceeded; and (iv) the independent non-executive Directors will review the Transactions contemplated under the 2023 Master Agreement annually.

Accordingly, the Board is of the view that (i) the Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and the Shareholders; and (ii) the above internal control procedures are adequate to safeguard the interest of the Company and the Shareholders in the Transactions contemplated under the 2023 Master Agreement.

REASONS AND BENEFITS OF THE 2023 MASTER AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in property investment, property development and hospitality businesses in Greater China and overseas.

Ulferts is an investment holding company and its subsidiaries are principally engaged in retail of home furniture. In addition, Ulferts Group is also involved in the special project business which provides services from planning, design, procuring custom-made furniture to final installation for corporate customers, as well as consultation and liaison services with furniture manufacturers.

In view of the number of ongoing property-related projects and hotel operation of the Group, it is anticipated that there will be a continuing demand for the Products and Consultancy Services for each of the financial years ending 31 March 2024, 2025 and 2026.

The Directors (including the independent non-executive Directors) are of the view that the Transactions are consistent with the business and commercial objectives of the Group and are carried out in the ordinary and usual course of business of the Group and were/will be conducted on normal commercial terms determined/to be determined on an arm's length basis; and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Company and Ulferts are both indirectly controlled by the respective private discretionary trusts both of which are set up by Dr. Yeung who is the deemed substantial shareholder of the Company. Under Chapter 14A of the Listing Rules, Ulferts is deemed to be a connected person of the Company and accordingly, the Transactions constitute continuing connected transactions for the Company.

Ms. Luk Siu Man, Semon, being the Chairperson of the Board and a non-executive Director and Mr. Yeung Ching Loong, Alexander, being the Vice Chairman of the Board and an executive Director, did abstain from voting on the relevant board resolution(s) of the Company in view of their deemed interests in the Transactions by virtue of being an associate of the eligible beneficiaries of the private discretionary trusts set up by Dr. Yeung that control the Company and Ulferts and being one of the eligible beneficiaries of such trusts respectively.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the executive Directors, did abstain from voting on the relevant board resolution(s) of the Company in view of their management role in both the Company and Ulferts.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Annual Caps are more than 0.1% but less than 5%, the Transactions are subject to the announcement, reporting and annual review requirements, but exempt from the Shareholders' approval requirement under the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“2020 Master Agreement”	the agreement dated 29 July 2020 entered into between the Company and Ulferts in relation to the provision of Products and Consultancy Services to the Group by Ulferts Group
“2023 Master Agreement”	the agreement dated 3 March 2023 entered into between the Company and Ulferts in relation to the provision of Products and Consultancy Services to the Group by Ulferts Group
“Aggregate Annual Caps”	the annual maximum amount paid or payable by the members of the Group as a whole to Ulferts Group under the 2023 Master Agreement in respect of the Transactions for each of the financial years ending 31 March 2024, 2025 and 2026
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Directors”	the board of directors of the Company
“Company”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultancy Services”	the furniture procurement consultancy services in relation to property-related projects and hotel operation or for own consumption by the Group, or such other types of ancillary services and any transaction obtained or to be obtained by the Group from Ulferts Group in the ordinary course of business of the Group and at the terms as the relevant parties may agree upon from time to time in writing
“Definitive Operational Agreement(s)”	the individual purchase order(s) or agreement(s) in respect of the provision of any of the Products and Consultancy Services which may from time to time to be entered into between members of Ulferts Group and members of the Group pursuant to the 2023 Master Agreement
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Previous Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2020 Master Agreement for each of the financial years ended/ending 31 March 2021, 2022 and 2023
“Products”	furniture products and furniture coupons to be purchased by the Group from Ulferts Group for property-related projects and hotel operation or for own consumption by the Group in its ordinary course of business and at the terms as the relevant parties may agree upon from time to time in writing
“Shareholder(s)”	the holder(s) of 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)
“Transactions”	all existing and future transactions between members of Ulferts Group and members of the Group for the provision of Products and Consultancy Services contemplated under the 2023 Master Agreement and the Definitive Operational Agreement(s)
“Ulferts”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1711)
“Ulferts Group”	Ulferts and its subsidiaries
“%”	per cent

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

Hong Kong, 3 March 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