

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
2024 MASTER LEASING AGREEMENTS

Reference is made to the announcement of the Company dated 3 December 2020 in relation to the 2020 MLAs.

With the upcoming expiration of the 2020 MLAs, while the Group intends to continue to lease properties (including but not limited to offices and retail shops) to members of Emperor Group, the Company entered into the 2024 MLAs with members of Emperor Group on 23 March 2023 to govern arrangements for the Tenancy Transactions between the respective parties for a successive term of 3 years from 1 April 2024.

The Board shall seek approval from the Independent Shareholders on the Aggregate Tenancy Annual Caps at the AGM.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps are more than 5% and exceed HK\$10,000,000, the Aggregate Tenancy Annual Caps are subject to the announcement, reporting, annual review requirements and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

Reference is made to the announcement of the Company dated 3 December 2020 in relation to the 2020 MLAs.

With the upcoming expiration of the 2020 MLAs, while the Group intends to continue to lease properties (including but not limited to offices and retail shops) to members of Emperor Group, the Company entered into the 2024 MLAs with members of Emperor Group on 23 March 2023 to govern arrangements for the Tenancy Transactions between the respective parties for a successive term of 3 years from 1 April 2024.

2024 MLAs DATED 23 MARCH 2023

2024 MLAs	Parties	Scope
(1) 2024 EWJ MLA	the Company and Emperor W&J	Governing the Tenancy Transactions between the Group and Emperor W&J Group
(2) 2024 ECG MLA	the Company and Emperor Capital	Governing the Tenancy Transactions between the Group and Emperor Capital Group
(3) 2024 ECUG MLA	the Company and Emperor Culture	Governing the Tenancy Transactions between the Group and Emperor Culture Group
(4) 2024 Ulferts MLA	the Company and Ulferts	Governing the Tenancy Transactions between the Group and Ulferts Group
(5) 2024 EWJ (Hotel) MLA	Emperor E Hotel and Emperor W&J	Governing the Tenancy Transactions between the Emperor E Hotel Group and Emperor W&J Group
(6) 2024 AY Holdings MLA	the Company and AY Holdings	Governing the Tenancy Transactions between the Group and AY Group

Term

1 April 2024 – 31 March 2027

Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2024 MLAs shall be automatically renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2024 MLAs.

Key terms and conditions

Relevant members of the Group and relevant members of Emperor Group may from time to time enter into the Definitive Leasing Agreement(s) in relation to any Tenancy Transaction(s) upon, and subject to, the terms and conditions in compliance with the 2024 MLAs, provides that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and respective members of Emperor Group and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable than terms offered by independent third parties;

- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm's length negotiation and the amount of rental therein under the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;
- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, the 2024 MLAs and the relevant Definitive Leasing Agreements; and
- (e) relevant members of Emperor Group have / shall have the option to consider third party landlords and premises other than the properties of the Group.

Historical transactions amount

Set out below are the historical amounts of rental / licence fee received under the Tenancy Transactions between the Group and the relevant members of the Emperor Group for the period of 2020 MLAs:

	For the 12 months ended 31 March		
	2021	2022	2023
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Emperor W&J Group ^(Note)	59,496	68,920	61,267
Emperor Capital Group	10,074	9,812	9,774
Emperor Culture Group	12,898	12,267	10,694
Ulferts Group	7,199	6,943	7,088
Non-Listed Group	28,623	21,906	21,805
Total	<u>118,290</u>	<u>119,848</u>	<u>110,628</u>

Note: Aggregated amount of the Tenancy Transactions between the Group (including the Emperor E Hotel Group) and Emperor W&J Group

The Existing Aggregate Tenancy Annual Caps under the 2020 MLAs are HK\$220 million, HK\$240 million and HK\$260 million for the 12 months ended/ending 31 March 2022, 2023 and 2024 respectively.

Aggregate Tenancy Annual Caps

Set out below are the Aggregate Tenancy Annual Caps under the 2024 MLAs proposed by the Board for each of 3 years ending 31 March 2025, 2026 and 2027:

	For the 12 months ended 31 March		
	2025	2026	2027
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
2024 EWJ MLA and 2024 EWJ (Hotel) MLA	100,000	110,000	120,000
2024 ECG MLA	15,000	15,000	15,000
2024 ECUG MLA	30,000	30,000	30,000
2024 Ulferts MLA	12,000	12,000	12,000
2024 AY Holdings MLA	43,000	43,000	43,000
Total	200,000	210,000	220,000

The respective Aggregate Tenancy Annual Caps aggregate all Tenancy Transactions entered / to be entered with relevant members of Emperor Group regardless of the location and usage of the properties, and has been determined after taking into account:

- (i) the historical transaction amounts of rental, management fee (if any) and charges received by the Group from members of Emperor Group under all Tenancy Transactions;
- (ii) the number of existing Tenancy Transactions entered into between the Group and respective members of Emperor Group as at 31 May 2023:

Emperor W&J Group	19
Emperor Capital Group	9
Emperor Culture Group	6
Ulferts Group	3
AY Group	21
Total	58

As at the date of this announcement, members of Emperor Group are leasing the following properties of the Group located in various areas in Hong Kong, Mainland China and Macau, mainly:

Hong Kong

Locations

- (1) Emperor Group Centre, No. 288 Hennessy Road, Wan Chai
- (2) Nos.50-52, 54-56 Russell Street, Causeway Bay
- (3) Emperor Commercial Centre, Nos.39-41 Des Voeux Road Central, Central
- (4) Harilela Mansion, No. 81 Nathan Road, Kowloon
- (5) The Cinema Space, New Town Mansion, No. 2 Tuen Lee Street, Tuen Mun, New Territories
- (6) East Ocean Court, No. 525 Shanghai Street, Kowloon

Macau and Mainland China

Locations

- (1) Emperor Nam Van Centre, Nos. 71-75, Avenida do Infante, D., Henrique and Nos. 514-540, Avenida da Praia Grande, Macau
- (2) Grand Emperor Hotel, 288 Avenida Commercial De, Macau
- (3) Emperor Group Centre (Beijing), D12 Jianwai Dajie, Chaoyang District, Beijing, PRC

The earliest expiry date of the leases will be in August 2023 and the latest one will be in May 2027. The monthly licence fee / rental^(Note) (excluding management fees and charges) ranges from HK\$1,000 to approximately HK\$1.1 million and size ranges from LED display to an entire building block with gross floor area of approximately 54,000 sq. ft. The duration of the leases are usually 2 to 3 years, with exceptions such as cinema complex which requires a longer duration of up to 10 years with an option to renew granted to the tenant for another 5 years.

- (iii) assuming all the above tenancies will be renewed upon expiry and taking into account the possible oncoming adjustment in rental rates;
- (iv) the number of Tenancy Transactions that are expected to be entered into by the Group under the 2024 MLAs are in line with the business development of each operating unit of Emperor Group in the forthcoming years;
- (v) assuming the rent will be gradually recovered to pre-pandemic level during the terms of 2024 MLAs;
- (vi) there will be potential acquisition of properties by the Group which can be available for leasing to members of Emperor Group in the future; and
- (vii) the prevailing market rents of the properties as compared with similar properties in the vicinity.

Note: for illustrative purpose of this announcement only, (i) certain amounts of the Aggregate Tenancy Annual Caps and (ii) the monthly rental of certain existing Tenancy Transactions are converted from RMB into HK\$ at the rate of RMB1.00 = HK\$1.09.

Based on the above, the Board is of the view that the proposed Aggregate Tenancy Annual Caps are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INTERNAL CONTROL PROCEDURES TO ASSESS TENANCY TRANSACTIONS

The Group will follow a series of procedures in selecting premises and determining the rentals and the terms of the tenancies. When the management of the Group plans to lease out vacant premises or renew existing tenancies, the operation team of the Group may liaise with potential tenants and/or existing tenants by providing a rent quote to them or soliciting proposed offers from them. The rent quote offered by the Group is decided based on the valuation of the subject premises (as appropriate), market rentals of similar properties within the proximity, condition of the subject premises and any other factors as deemed to be applicable by the Group. In case of soliciting proposed offers, the Group will assess with reference to market rentals of similar properties and/or valuation of the subject premises (as appropriate) and compare the proposed offers from potential tenants. The Group will also arrange for site visits as may be requested by the potential tenants. When the terms of Tenancy Transactions are basically agreed on after arm's length negotiation, the management of the Group will review the terms of Tenancy Transactions including rental and grant approval before execution of the Tenancy Transactions.

With the above control procedures, the Directors consider that the Tenancy Transactions are conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

In addition, to ensure that the Definitive Leasing Agreement(s) will be entered into in accordance with the general terms of the 2024 MLAs and the requirements of Chapter 14A of the Listing Rules, (i) the management of the Company will assess each of the Definitive Leasing Agreements with the aforementioned procedures; (ii) the relevant departments of the Group will record the transaction amount(s) to ensure that the Aggregate Tenancy Annual Caps will not be exceeded; (iii) the Group will engage external auditor to conduct an annual review of the Tenancy Transactions to opine on whether the Aggregate Tenancy Annual Caps have been exceeded; and (iv) the independent non-executive Directors will review the Tenancy Transactions contemplated under the 2024 MLAs annually.

Should there be any future Definitive Leasing Agreement with lease term which exceed three years or may exceed three years in case of exercise of renewal options and subject to announcement/circular and/or shareholders' approval requirements according to applicable percentage ratios (as defined in the Listing Rules), the Company will, when entering into such Definitive Leasing Agreement, (a) in compliance with rule 14A.52 of the Listing Rules, appoint an independent financial adviser to explain why such agreement require a longer period of lease term and to confirm that it is normal business practice for agreement of this type to be of such duration; and (b) publish circular to disclose the opinion of the independent financial adviser according to the Listing Rules.

Accordingly, the Board is of the view that (i) the Tenancy 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 under the Tenancy Transactions.

REASONS FOR AND BENEFITS FOR THE 2024 MLAs

The Company is an investment holding company and its subsidiaries are principally engaged in property investment, property development and hospitality in the Greater China and overseas. These properties are held by indirect wholly-owned subsidiaries of the Company as investment properties for rental/licence fee income.

The Group currently leases properties to relevant members of Emperor Group pursuant to the 2020 MLAs, and shall continue to lease out the properties in the future. With the upcoming expiration of the 2020 MLAs, entering into the 2024 MLAs will continue to govern the Tenancy Transactions between the Group and relevant members of Emperor Group, and also serve to streamline the relevant process of reporting, announcement and Shareholders' approval, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and relevant counter-parties. Besides, the obtaining of the Aggregate Tenancy Annual Caps will help to reduce the relevant administrative burden and costs on the Company in compliance with the requirements under the Listing Rules. The Definitive Leasing Agreements will be agreed on an arm's length basis, on normal commercial terms or on terms no less favorable than those terms offered by independent third parties.

The Directors (excluding the independent non-executive Directors who will provide their views after considering the opinion of an independent financial adviser) consider that the 2024 MLAs have been conducted in the ordinary and usual course of business of the Group and negotiated on an arm's length basis, on normal commercial terms, fair and reasonable, and in the interests of the Group and the Shareholders as a whole, and that the Aggregate Tenancy Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and the counter-parties of the 2024 MLAs, namely Emperor W&J, Emperor Capital, Emperor Culture, Ulferts and AY Holdings, are 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, each of such counter-parties is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2024 MLAs constitute continuing connected transactions of the Company.

Ms. Luk Siu Man, Semon, the Chairperson of the Board and a non-executive Director, and Mr. Yeung Ching Loong, Alexander, the Vice Chairman of the Board and an executive Director, did abstain from voting on the relevant Board resolutions of the Company in view of their deemed interests in the transactions by virtue of being an associate of the eligible beneficiaries of the aforesaid private discretionary trusts and being one of the eligible beneficiaries of those trusts respectively.

Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa and Mr. Cheung Ping Keung, being the executive Directors, did abstain from voting on the relevant Board resolutions of the Company as they also take up a management role in the relevant counter-parties of the 2024 MLAs.

Save for the aforesaid, no other Director has a material interest or conflict of role in the transactions and has abstained from voting.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Aggregate Tenancy Annual Caps are more than 5% and exceed HK\$10,000,000, the Aggregate Tenancy Annual Caps are subject to the announcement, reporting, annual review requirements and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders as to (i) whether the terms of the 2024 MLAs and the Aggregate Tenancy Annual Caps are fair and reasonable; (ii) whether the transactions under the 2024 MLAs are on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) whether the transactions are in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on the proposed resolutions. An independent financial advisor will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) details of the 2024 MLAs and the Aggregate Tenancy Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the AGM, is expected to be despatched to the Shareholders on or before 23 August 2023. The Company will seek approval from the Independent Shareholders in respect of the Aggregate Tenancy Annual Caps at the AGM, which is tentatively scheduled to be held in September 2023. A notice of the AGM, containing all resolutions to be proposed at the AGM (including the resolution to approve the Aggregate Tenancy Annual Caps) will be dispatched to the Shareholders on or before 23 August 2023.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“2020 ECG MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor Capital
“2020 ECUG MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor Culture
“2020 EWJ (Hotel) MLA”	the master leasing agreement dated 3 December 2020 entered into between Emperor E Hotel and Emperor W&J
“2020 EWJ MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor W&J
“2020 MLAs”	2020 ECG MLA, 2020 ECUG MLA, 2020 EWJ (Hotel) MLA, 2020 EWJ MLA, 2020 Non-Listed Group MLA and 2020 Ulferts MLA
“2020 Non-Listed Group MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Non-Listed Group

“2020 Ulferts MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Ulferts
“2024 AY Holdings MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and AY Holdings
“2024 ECG MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor Capital
“2024 ECUG MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor Culture
“2024 EWJ (Hotel) MLA”	the master leasing agreement dated 23 March 2023 entered into between Emperor E Hotel and Emperor W&J
“2024 EWJ MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Emperor W&J
“2024 MLAs”	2024 ECG MLA, 2024 ECUG MLA, 2024 EWJ (Hotel) MLA, 2024 EWJ MLA, 2024 AY Holdings MLA and 2024 Ulferts MLA, and “2024 MLA” shall mean any one of them
“2024 Ulferts MLA”	the master leasing agreement dated 23 March 2023 entered into between the Company and Ulferts
“Aggregate Tenancy Annual Caps”	the maximum amount of rental / licence fee receivable by the Group under each of the 2024 MLAs for each of the 3 financial years ending 31 March 2025, 2026 and 2027
“AGM”	the forthcoming annual general meeting of the Company, which is tentatively scheduled to be held in September 2023 (including any adjournment) to approve, inter alia, the Aggregate Tenancy Annual Caps
“AY Holdings”	Albert Yeung Holdings Limited, a company incorporated in the British Virgin Islands, being the agent acting on behalf of relevant members of Emperor Group, other than the Group, Emperor Capital Group, Emperor Culture Group, Emperor W&J Group and Ulferts Group (collectively “ AY Group ”)
“Board” or “Directors”	the board of directors of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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

“Definitive Leasing Agreement(s)”	definitive agreement(s) which has / have been entered and may be entered into between any member(s) of the Group and any member(s) of Emperor Group in relation to any of the Tenancy Transactions (setting out the terms of the tenancy, including the parties, detailed description of the properties, usage, duration, rental and specific terms such as rent free period, early termination, deposits, fees and charges) subsisting as at the date hereof and at any time during the respective terms of 2020 MLAs and 2024 MLAs (as the case may be)
“Dr. Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor Capital”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in the provision of a wide range of financial services, including (i) commercial and personal lending as well as margin and initial public offering financing; (ii) brokerage services, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 717)
“Emperor Capital Group”	Emperor Capital and its subsidiaries from time to time
“Emperor Culture”	Emperor Culture Group Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in entertainment, media and cultural development businesses, which include cinema operation and investments in films, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 491)
“Emperor Culture Group”	Emperor Culture and its subsidiaries from time to time
“Emperor E Hotel”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in provision of hospitality and entertainment services in Hong Kong and Macau, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 296)
“Emperor E Hotel Group”	Emperor E Hotel and its subsidiaries from time to time
“Emperor Group”	all companies (including their respective associates) directly or indirectly controlled by various private discretionary trusts set up by Dr. Yeung (including but not limited to Emperor Capital Group, Emperor Culture Group, Emperor W&J Group and Ulferts Group and Non-Listed Group) other than the Group; and “member of Emperor Group” shall be construed accordingly

“Emperor W&J”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the subsidiaries of which are principally engaged in the sales of European-made internationally renowned watches, together with the jewellery products under its own brand, “ <i>Emperor Jewellery</i> ”, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 887)
“Emperor W&J Group”	Emperor W&J and its subsidiaries from time to time
“Existing Aggregate Tenancy Annual Caps”	the maximum amount of rental / licence fee to be received / receivable by the Group under each of the 2020 MLAs for each of the respective periods during the term under the 2020 MLAs
“Group”	the Company and its subsidiaries from time to time, including Emperor E Hotel Group
“HK\$”	Hong Kong dollar, the lawful currency in Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all of the independent non-executive Directors, established to advise the Independent Shareholders in respect of the Aggregate Tenancy Annual Caps and the transactions contemplated under the 2024 MLAs
“Independent Shareholder(s)”	Shareholder(s) who do not have material interests in the transactions contemplated under the 2024 MLAs
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Non-Listed Group”	(1) New Media Group Investment Limited (dissolved); (2) Albert Yeung Entertainment Holdings Limited; (3) Albert Yeung Financial Holdings Limited; and (4) Albert Yeung Investments Holdings Limited (the above companies no. (1) to (4) and their respective subsidiaries (excluding Emperor Culture, Ulferts and their respective subsidiaries) principally engaged in book and magazine publishing, digital business, production and distribution of music publishing, talent management and concert production, production, sales and distribution of motion pictures, and copyright holding and licensing business; provision of foreign exchange and bullion trading services; and property and miscellaneous investments) and (5) Albert Yeung Management Company Limited representing Dr. Yeung and his associates
“PRC”	the People’s Republic of China

“Shareholder(s)”	holder(s) of the shares of the Company
“sq. ft.”	square feet
“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)
“Tenancy Transaction(s)”	all existing and future tenancy / licence transaction(s) between members of the Group as landlords and relevant members of Emperor Group as tenants regarding the leasing of properties as contemplated under the 2020 MLAs or the 2024 MLAs (as the case may be) and the Definitive Leasing Agreements
“Ulferts”	Ulferts International Limited, a company incorporated in Hong Kong with limited liability, the subsidiaries of which are principally engaged in retailing of high quality home furniture mainly imported from Europe, whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 1711)
“Ulferts Group”	Ulferts and its subsidiaries from time to time
“%”	per cent.

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

Hong Kong, 14 July 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