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英皇集團(國際)有限公司*
Emperor International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 163)

DISCLOSEABLE TRANSACTION
DISPOSAL OF ENTIRE EQUITY INTEREST IN
DISPOSAL COMPANY AND SALE LOAN

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INTRODUCTION

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SALE AND PURCHASE AGREEMENT

Vendor: Emperor Property, a wholly-owned subsidiary of the Company

Purchaser: Future Chance Developments

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser, together with its ultimate beneficial owner, are Independent Third Parties.

Assets to be disposed of

- (i) the Sale Shares; and
- (ii) the Sale Loan.

** for identification purpose only*

Consideration and payment terms

Subject to the adjustments as disclosed under the section headed “Completion Accounts”, the consideration for the Disposal shall be HK\$585.0 million and be adjusted by the amount of the Net Asset Value as set out in the Pro Forma Completion Accounts (the “**Initial Consideration**”).

The Initial Consideration shall be payable as follows:

- (a) a sum of HK\$29.25 million, as earnest money (the “**Earnest Money**”), had been paid by the Purchaser to the Purchaser’s solicitor on 8 October 2021 and will be released to the Vendor’s solicitor in accordance with the Escrow Agreement;
- (b) a sum of HK\$29.25 million (the “**Further Deposit**”, which together with the Earnest Money, the “**Deposits**”), has been paid by the Purchaser to the Vendor’s solicitor upon signing of the Sale and Purchase Agreement and in accordance with the Escrow Agreement; and
- (c) the amount equal to the balance of the Initial Consideration after deducting the Deposits (the “**Completion Payment**”), shall be paid in the following manner:
 - (i) a sum equal to the redemption amount, being the aggregate of the total amounts required to be paid to the Existing Lender under and/or in respect of the Existing Bank Loan; and
 - (ii) the remainder of the Completion Payment to the Vendor’s designated entity as notified in writing.

The Initial Consideration was arrived at after arm’s length negotiations between the Company and the Purchaser on normal commercial terms with reference to the latest financial information of the Disposal Group and the prevailing market condition of the property market in Hong Kong.

The consideration payable by the Purchaser shall be made in Hong Kong dollars by cashier’s order drawn on a licensed bank in Hong Kong or by such other method as the Vendor and the Purchaser may agree in writing.

Completion Accounts

Pursuant to the Sale and Purchase Agreement, the Vendor by no later than 20 Business Days after (and exclusive of) the Completion Date shall prepare the draft Completion Accounts. The Initial Consideration shall be subject to the following further adjustments following agreement or determination of the Completion Accounts:

- (i) there shall be added to the Initial Consideration the amount (if any) by which the amount of Net Asset Value determined by reference to the Completion Accounts is more than the Net Asset Value as set out in the Pro Forma Completion Accounts; and
- (ii) there shall be deducted from the Initial Consideration the amount (if any) by which the amount of Net Asset Value determined by reference to the Completion Accounts is less than the Net Asset Value as set out in the Pro Forma Completion Accounts.

If the Initial Consideration determined is increased pursuant to the adjustment, the Purchaser shall pay to the Vendor the amount of such increase. If the Initial Consideration determined is reduced pursuant to the adjustment, the Vendor shall repay to the Purchaser the amount of such deduction.

The amount, subject to adjustments stated above and pursuant to the Sale and Purchase Agreement, shall be paid within 5 Business Days after agreement or determination of the Completion Accounts. Pursuant to the Sales and Purchase Agreement, it is agreed that the Net Asset Value shall not in any event exceed HK\$1.5 million if it is a positive figure.

Conditions Precedent

Completion is conditional upon the following conditions being satisfied or waived in accordance with Sale and Purchase Agreement on or before the Completion Date:

- (a) the Vendor being the sole legal and beneficial owner of the Sale Shares and the Sale Loan free from all Encumbrances and having the capacity and power to sell the Sale Shares and assign the Sale Loan to the Purchaser free from all Encumbrances;
- (b) the Company being the sole legal and beneficial owner of all the issued shares of, and all shareholder's loan owing by, the Subsidiary free from all Encumbrances;
- (c) the Subsidiary being the sole registered and beneficial owner of the Property free from all Encumbrances, and the Subsidiary having been able to prove and give good title to the Property in accordance with sections 13 and 13A of the Conveyancing and Properties Ordinance (Cap. 219 of the Laws of Hong Kong);
- (d) the Property being free from any mortgages/legal charges and other Encumbrances save and except for Encumbrances created under the Existing Security Documents (all of which shall be absolutely released and discharged on Completion);
- (e) (i) there being no material breach of any of the fundamental warranties as set out in the Sale and Purchase Agreement; and (ii) all other warranties as set out in the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects before and on the date on which Completion would otherwise have taken place if it were not for the Sale and Purchase Agreement;
- (f) there being no Resumption Notice and no Material Damage to the Property or any part(s) thereof prior to and at all times up to Completion; and
- (g) save and except for those parts of the Property which are subject to the Existing Tenancies, vacant possession of the remaining untenanted parts of the Property being delivered to the Purchaser on an "as-is" "where-is" basis subject to the chattels.

Pursuant to the Sale and Purchase Agreement, if any Condition has not been satisfied on or before the Completion Date, then unless the Vendor and the Purchaser otherwise agree in writing, the Purchaser may on that date, at its option (but without prejudice to any other right or remedy it may have), by notice in writing to the Vendor:

- (a) postpone the Completion Date to a date (being a Business Day) falling not more than 10 Business Days after the original Completion Date; or
- (b) terminate the Sale and Purchase Agreement.

Termination

If the Sale and Purchase Agreement is terminated by either parties in accordance with the terms and conditions of the Sale and Purchase Agreement, all rights and obligations of the Vender and the Purchaser will cease immediately upon termination without prejudice to the then accrued rights and obligations of any party, save and except:

- (a) the termination of the Sale and Purchase Agreement is without prejudice to all rights and remedies available to a party in respect of any breach by the other party of obligations under or in respect of the Sale and Purchase Agreement prior to termination of the Sale and Purchase Agreement;
- (b) if the termination is due to non-compliance of Purchaser pursuant to the Sale and Purchase Agreement, the Deposits shall be forfeited to and retained by the Vendor as damages pursuant to the Sale and Purchase Agreement; and
- (c) if the termination is due to non-compliance of Vendor pursuant to the Sale and Purchase Agreement, or Conditions not satisfied, the Deposits shall be returned in full to the Purchaser pursuant to the Sale and Purchase Agreement.

Termination of the Sale and Purchase Agreement in the (b) and (c) above shall not affect or prejudice the then accrued rights and remedies of the Vendor or the Purchaser (including the right to damages for the breach, if any, giving rise to the termination and any other pre-termination breach by any party).

Completion

Completion shall take place on 20 December 2021, or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place.

Following Completion, the Company will not hold any equity interest in the Disposal Group and the Disposal Group will cease to be subsidiaries of the Company.

INFORMATION OF THE PURCHASER

The Purchaser is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief (having made all reasonable enquiries) and based on the information provided, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE DISPOSAL GROUP AND THE PROPERTY

Information of the Disposal Group

The Disposal Company is a company incorporated in BVI and wholly-owned by the Vendor as at the date of this announcement. The Disposal Company is the legal and beneficial owner of the Subsidiary whose principal business is holding and leasing of the Property.

The unaudited consolidated financial information of the Disposal Group for the two years ended 31 March 2020 and 2021 is as below:

	For the year ended 31 March 2021 HK\$ '000 (Unaudited)	For the year ended 31 March 2020 HK\$ '000 (Unaudited)
Profit/(Loss) before taxation	8,473	(11,471)
Profit/(Loss) for the year	8,473	(11,471)

After taking into account the value of Property of HK\$585.0 million, the unaudited consolidated net asset value of Disposal Group as at 31 August 2021 was approximately HK\$163.9 million.

Information of the Property

The Property, known as Toppo Tower, is a 12-storey industrial building located at Nos. 45-51 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Taking into account (i) the Initial Consideration for the Disposal, (ii) the unaudited adjusted consolidated net asset value of the Disposal Group as at 31 August 2021 in the amount of approximately HK\$163.9 million after adjustment on the book value of the Property to HK\$585.0 million as at 30 September 2021 as indicated in a preliminary valuation report prepared by an independent professional valuer; and (iii) the amount of Sale Loan of approximately HK\$304.6 million as at 31 August 2021, the Directors do not expect to recognise any gain/loss from the Disposal. The actual financial effect in connection with the Disposal will be assessed after the Completion and is subject to review and final audit by the Company's auditors.

The net proceeds (after the repayment of Existing Bank Loan) of the Disposal is estimated to be approximately HK\$468.4 million (subject to adjustment), which will be applied for future business development of the Group and general working capital, if any.

REASONS AND BENEFITS FOR THE DISPOSAL

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.

Taking into account of (i) the recent prevailing property market condition; and (ii) a premium of approximately 40.0% over the original acquisition cost of approximately HK\$418.0 million in 2014, the Directors considered that the Disposal represents a good opportunity for the Group to realize its investment in the Property for a reasonable return. The Directors expected that the net proceeds from the Disposal will improve the financial position of the Group and save up additional reserve for backing up its investment opportunities in the future.

The Board 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 of the applicable percentage ratios (as defined in Listing Rules) in respect of the Disposal is greater than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but exempt from the Shareholders' approval requirement under the Listing Rules.

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment (or waiver, if applicable) of certain conditions precedent under the Sale and Purchase Agreement, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

TERMS USED IN THIS ANNOUNCEMENT

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

“Board” or “Directors”	the board of directors of the Company
“Business Day(s)”	means a day other than a Saturday, Sunday on which banks generally are open in Hong Kong for the transaction of general banking 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 (Stock Code: 163)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Accounts”	the consolidated statement of financial position of the Disposal Group as at the Completion Date
“Completion Date”	20 December 2021, or such other date as the Vendor and the Purchaser may agree in writing on which Completion takes place
“Conditions”	the conditions set out in the Sale and Purchase Agreement to the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser under the Sale and Purchase Agreement

“Disposal Company” or “Black Tie”	Black Tie Holdings Limited, a company incorporated in BVI and the legal and beneficial owner of the Subsidiary
“Disposal Group”	the Disposal Company and the Subsidiary
“Encumbrances”	a mortgage, charge, pledge, lien, option, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid
“Escrow Agreement”	the escrow agreement in the agreed form dated 20 October 2021 entered into among the Vendor, the Purchaser and the Vendor’s Solicitors
“Existing Bank Loan”	the outstanding amount of the principal sum, any interest accrued thereon and any fees, break costs and expenses under the term loan facility granted to the Subsidiary as borrower by the Existing Lender
“Existing Lender”	the lender of the Existing Bank Loan
“Existing Tenancies”	those letters of offer, leases, tenancy agreements or licence agreements to which any part(s) of the Property is subject as at the date of the Sale and Purchase Agreement
“Existing Tenants”	the lessees, tenants or licensees of the Property under the Existing Tenancies and include, as the context may permit or require, any one or more of such lessees, tenants or licensees
“Existing Security Documents”	all the security documents under which the securities were provided as security for the Existing Bank Loan
“Government Authority”	(a) any government (whether supranational, national or local) in any relevant jurisdiction including the Government of the Hong Kong or any bureau, department or official of any of the above, (b) any statutory body or regulatory authority in any relevant jurisdiction, (c) any court, tribunal or other judicial authority in any relevant jurisdiction, (d) the Government of the Hong Kong in its capacity as landlord/lessor under the Land Grant; and shall also include: (e) any person to whom any power or authority of any of the above is delegated; and (f) any person engaged by any of the above for the purpose of exercising any of its powers or authorities or assisting in the exercise of any of its powers or authorities
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Material Damage”	damage to the Property (or any part(s) thereof) resulting in more than 10% of the total gross floor area of the Property being damaged and/or the aggregate costs of rectifying such damage exceed or would reasonably be expected to exceed an amount of HK\$20,000,000, in each case, as certified by an independent loss adjustor to be jointly agreed and engaged by the Vendor and the Purchaser
“Net Asset Value”	the total current assets of the Disposal Group on a consolidated basis (other than the value of the Property, any plant and equipment, financial derivative assets (if any), any Rent Arrears and any rental incentives) minus the value of the consolidated liabilities of the Disposal Group (other than the liability in respect of the Existing Bank Loan, the Sale Loan and any deferred tax liability) as at Completion as shown in the Pro Forma Completion Accounts or the Completion Accounts (as the case may be) provided that, if the Net Asset Value is a positive figure, it shall not in any event exceed HK\$1.5 million
“Pro Forma Completion Accounts”	the pro-forma consolidated statement of financial position of the Disposal Group as at close of business on the Completion Date
“Property”	Topy Tower located at Nos. 45-51 Kwok Shui Road, Kwai Chung, New Territories, Hong Kong
“Purchaser” or “Future Chance Developments”	Future Chance Developments Limited, a company incorporated in BVI and wholly-owned by Analogue Holdings Limited, a company listed on the Stock Exchange (Stock Code: 1977)
“Rent Arrears”	any and all arrears of payments by an Existing Tenant of its Existing Tenancy(ies) which remain outstanding as at Completion if as at Completion, there is any arrears of payments by such Existing Tenant of its Existing Tenancy(ies) for 30 days or more from its due date for any period on or before Completion

“Resumption Notice”	any letter, notice or order from the Government Authority relating to an actual or proposed resumption or compulsory acquisition of the Property or any part thereof
“Sale and Purchase Agreement”	the sale and purchase agreement dated 20 October 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Shares”	100 ordinary shares of US\$1.00 each in the share capital of the Disposal Company, representing its entire issued shares
“Sale Loan”	all loans and other amounts (whether principal, interest or otherwise) owing by Disposal Company to the Vendor as at Completion
“Shareholders”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Fame Smart Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Disposal Company, which owns the Property
“Vendor” or “Emperor Property”	Emperor Property Investment Limited, a company incorporated in BVI and wholly-owned by the Company
“%”	per cent

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

Hong Kong, 20 October 2021

As at the date hereof, the Board comprises:

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

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

Independent Non-executive Directors: Mr. Wong Tak Ming, Gary
Mr. Chan Hon Piu
Mr. Chu Kar Wing