

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.



英皇集團（國際）有限公司*
Emperor International Holdings Limited

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



英皇文化產業集團有限公司
Emperor Culture Group Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

CONTINUING CONNECTED TRANSACTION

The boards of directors of Emperor International and Emperor Culture announce that on 31 October 2017, Emperor Beijing Real Estate as landlord entered into the Tenancy Agreement with Emperor Cinemas Beijing as tenant in relation to the tenancy of the Property.

Under Chapter 14A of the Listing Rules, Emperor Cinemas Beijing is a connected person of Emperor International whilst Emperor Beijing Real Estate is a connected person of Emperor Culture and accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both Emperor International and Emperor Culture.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the aggregate annual caps of both Emperor International and Emperor Culture are more than 0.1% but less than 5%, the Tenancy Agreement is subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of both Emperor International and Emperor Culture under Chapter 14A of the Listing Rules.

As the duration term of the Tenancy Agreement exceeds 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International and Emperor Culture have appointed Beijing Securities and Vinco Capital as the independent financial advisers respectively to issue independent opinions confirming that it is a normal business practice for Emperor International and Emperor Culture to enter into the Tenancy Agreement which is of a duration longer than 3 years.

The boards of directors of Emperor International and Emperor Culture announce that on 31 October 2017, Emperor Beijing Real Estate as landlord entered into the Tenancy Agreement with Emperor Cinemas Beijing as tenant in relation to the tenancy of the Property.

TENANCY AGREEMENT DATED 31 OCTOBER 2017

Landlord : Emperor Beijing Real Estate

Tenant : Emperor Cinemas Beijing

Property:	Unit 03, 27th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC
Usage:	for office use
Area:	77.59 sq. m. (gross)
Term:	5 years from 1 November 2017 to 31 October 2022 (both days inclusive)
Rent:	RMB41,086 (equivalent to approximately HK\$48,481) per month, inclusive of service fee but exclusive of the turnover taxation, management fees and all other outgoings fee billed in actual usage
Rent Free:	3 months (1 November 2017 to 31 January 2018) whereas the monthly service fee of RMB8,690 (equivalent to approximately HK\$10,254), exclusive of the turnover taxation, shall be paid by the Tenant to the Landlord
Effective Rent:	RMB39,466 (equivalent to approximately HK\$46,570) per month, inclusive of service fee but exclusive of the turnover taxation, management fees and all other outgoings fee billed in actual usage
Deposit:	RMB138,033 (equivalent to approximately HK\$162,879) which is equivalent to three months' rent and management fee

AGGREGATE ANNUAL CAPS OF THE TENANCY AGREEMENT AND THE PREVIOUS TENANCY AGREEMENT

Aggregate Annual Cap of Emperor International

The Aggregate Annual Cap of Emperor International under the Tenancy Agreement and the Previous Tenancy Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental received / receivable thereunder for each of the years ending 31 March 2018 to 2033 will be as follows:

For the year ending 31 March	Tenancy Agreement (RMB'000)	Previous Tenancy Agreement (RMB '000)	Total (RMB '000)
2018	200	3,730	3,930
2019	480	4,210	4,690
2020	480	4,250	4,730
2021	480	4,280	4,760
2022	480	4,350	4,830
2023	280	4,590	4,870
2024	-	4,940	4,940
2025	-	5,330	5,330
2026	-	5,750	5,750
2027	-	5,980	5,980
2028 (up to 4 May 2027)	-	500	500

Assuming the Option is exercised

2028 (from 5 May 2027)	-	6,590	6,590
2029	-	7,290	7,290
2030	-	7,220	7,220
2031	-	7,300	7,300
2032	-	7,310	7,310
2033 (up to 4 May 2032)	-	580	580

Aggregate Annual Cap of Emperor Culture

The Aggregate Annual Cap of Emperor Culture under the Tenancy Agreement and the Previous Tenancy Agreement (which are aggregated under Rule 14A.81 of the Listing Rules) based on the total annual effective rental paid / payable thereunder for each of the years ending 30 June 2018 to 2027 will be as follows:

For the year ending 30 June	Tenancy Agreement (RMB '000)	Previous Tenancy Agreement (RMB '000)	Total (RMB '000)
2018	320	4,110	4,430
2019	480	4,220	4,700
2020	480	4,260	4,740
2021	480	4,280	4,760
2022	480	4,400	4,880
2023	160	4,670	4,830
2024	-	5,030	5,030
2025	-	5,450	5,450
2026	-	5,820	5,820
2027 (up to 4 May 2027)	-	5,000	5,000

REASONS AND BENEFITS FOR THE TENANCY AGREEMENT

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. Emperor Group Centre is held by Emperor Beijing Real Estate as investment property in Beijing for rental income.

Emperor Culture is an investment holding company and its subsidiaries are principally engaged in entertainment, media and cultural development business, particularly in the Greater China, which include (i) cinema development and operation; (ii) investment and production of films, TV programmes and other media related projects; (iii) investment in a variety of cultural events including music concerts, live shows and theatrical performances etc.; and (iv) investment in securities. Emperor Cinemas Beijing is principally engaged in cinema operation in the PRC.

The terms of the Tenancy Agreement are arrived at after arm's length negotiation and the rental of the Tenancy Agreement was determined with reference to the prevailing market rental of similar properties in the nearby locations. The directors of both Emperor

International and Emperor Culture (including their respective independent non-executive directors) considered that the terms of the Tenancy Agreement are fair and reasonable and the transaction is on normal commercial terms, in the ordinary and usual course of business and in the interests of both Emperor International and Emperor Culture and their respective shareholders as a whole.

OPINIONS FROM THE INDEPENDENT FINANCIAL ADVISERS

As the duration term of the Tenancy Agreement exceeds 3 years, pursuant to Rule 14A.52 of the Listing Rules, Emperor International and Emperor Culture have appointed Beijing Securities and Vinco Capital as the independent financial advisers respectively to issue independent opinions which are stated below:

Independent Opinion from Beijing Securities

Beijing Securities has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (a) Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. Emperor Group Centre is held by Emperor Beijing Real Estate, an indirect wholly-owned subsidiary of Emperor International, as investment property in Beijing for rental income;
- (b) Emperor Group Centre, located in D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC, is a newly developed building which is positioned as a grade A office complex that also incorporates high-end retail, dining and entertainment facilities;
- (c) The entering into the Tenancy Agreement will provide the Landlord with a steady rental income at a market rate;
- (d) Beijing Securities understands that it is a normal business practice for the tenancy of office premises in Emperor Group Centre or office premises which are similar in grade to Emperor Group Centre in Beijing to have a duration longer than three years. By entering into a longer term of tenancy, the Landlord will be in a better position to attract quality tenants which is conducive in enhancing the profile of Emperor Group Centre as a grade A office complex and therefore it will be able to increase its ability to retain or attract other quality tenants and to maintain better rental rate; and
- (e) Further, Beijing Securities has reviewed copies of tenancy agreements entered into between the Landlord and independent third parties for the leasing of other office premises in Emperor Group Centre and noted that the duration term of these tenancy agreements also exceeded three years.

Having considered the principal factors discussed above, Beijing Securities is of the view that it is a normal business practice for Emperor International to enter into the Tenancy Agreement which is of a duration longer than three years.

Independent Opinion from Vinco Capital

Vinco Capital has taken into account the following factors when formulating its independent opinion pursuant to Rule 14A.52 of the Listing Rules:

- (a) Emperor Culture is an investment holding company and its subsidiaries are principally engaged in entertainment, media and cultural development business, particularly in Greater China, which include (i) cinema development and operation; (ii) investment and production of films, TV programmes and other media related projects; (iii) investment in a variety of cultural events including music concerts, live shows and theatrical performances etc.; and (iv) investment in securities;
- (b) the Property shall be used by Emperor Cinemas Beijing as office;
- (c) On 5 May 2017, Emperor Beijing Real Estate as landlord and Major Marketing as tenant entered into the Previous Tenancy Agreement in respect of the Cinema Premises with a tenancy duration longer than three years. The Cinema Premises shall be used for cinema operation and related businesses, including sale of food and beverage and related products e.g. books, music, art pieces, souvenirs and publications.; and
- (d) Both of the Property and the Cinema Premises are located in Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC.

Vinco Capital has reviewed copies of leasing agreements entered into between the Landlord and independent third parties in 2017, in relation to the tenancy of other office premises in Emperor Group Centre. Vinco Capital noted that all of three agreements also consist of a duration longer than three years.

Besides, as discussed with the management of Emperor Culture, Vinco Capital noted that the Property will be used for office purpose that will provide office supports to the cinema operation and related businesses at the Cinema Premises located at the same building of the Property. The leasing term, pursuant to the Previous Tenancy Agreement, of the Cinema Premises is longer than three years.

Vinco Capital considered that the Tenancy Agreement of the Property with leasing term longer than three years is a normal business practice, as (i) the samples of tenancy agreements Vinco Capital reviewed in respect of the tenancy of other office premises in Emperor Group Centre as aforementioned also have leasing term longer than three years; (ii) the Property will be used to provide office supports to the cinema operation and related businesses at the Cinema Premises which also has tenancy term longer than three years; (iii) the rental expenses for the Property can be locked in the coming five years and the risk of rising rental price, especially Emperor Group Centre is considered to be a grade A office located in the vicinity of the Central Business District in Beijing, would be eliminated; and (iv) it would reduce office relocation costs, renovation costs and disturbance to business operation of Emperor Culture in the long run.

GENERAL

Emperor Beijing Real Estate is an indirect wholly-owned subsidiary of Emperor International. Emperor Cinemas Beijing is an indirect wholly-owned subsidiary of Emperor Culture.

Emperor International and Emperor Culture are both indirectly controlled by the AY Trust. As such, under Chapter 14A of the Listing Rules, Emperor Cinemas Beijing is a connected person of Emperor International whilst Emperor Beijing Real Estate is a connected person of Emperor Culture, and accordingly, the Tenancy Agreement constitutes a continuing connected transaction for both Emperor International and Emperor Culture.

Ms. Luk Siu Man, Semon, the Chairperson of Emperor International, did abstain from voting on the relevant board resolution(s) of Emperor International in view of her deemed interest in the transaction by virtue of being an associate of the eligible beneficiaries of the AY Trust.

Mr. Yeung Ching Loong, Alexander, an executive director of Emperor Culture, did abstain from voting on the relevant board resolution(s) of Emperor Culture in view of his deemed interest in the transaction by virtue of being one of the eligible beneficiaries of the AY Trust.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the aggregate annual caps of Emperor International and Emperor Culture are more than 0.1% but less than 5%, the Tenancy Agreement is subject to the announcement, reporting and annual review requirements, but exempt from the respective shareholders' approval of both Emperor International and Emperor Culture under Chapter 14A of the Listing Rules.

TERMS USED IN THIS ANNOUNCEMENT

“Aggregate Annual Cap of Emperor Culture”	the maximum amount of effective rental paid / payable by Emperor Cinemas Beijing under the Tenancy Agreement and the Previous Tenancy Agreement for each of the years ending 30 June 2018 to 2027
“Aggregate Annual Cap of Emperor International”	the maximum amount of effective rental received / receivable by Emperor Beijing Real Estate under the Tenancy Agreement and the Previous Tenancy Agreement for each of the years ending 31 March 2018 to 2028 and, assuming the Option is exercised, for each of the years ending 31 March 2028 to 2033
“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert
“Beijing Securities”	Beijing Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by Emperor International for the purpose of Rule 14A.52 of the Listing Rules in relation to the Tenancy Agreement
“Cinema Premises”	partial floor of each of B1, B2M, B2, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC

“Emperor Beijing Real Estate” or “Landlord”	Emperor (Beijing) Real Estate Development Co. Limited# (英皇(北京)房地產開發有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Emperor International
“Emperor Cinemas Beijing” or “Tenant”	Emperor Cinemas (Beijing) Limited # (英皇電影城(北京)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Emperor Culture
“Emperor Culture”	Emperor Culture Group Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Emperor Group Centre”	the building situated at D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC# (中國北京市朝陽區建外大街丁12號)
“Emperor International”	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
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Major Marketing”	Major Marketing Communications Limited (now known as Emperor Cinemas (China) Limited), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Emperor Culture
“Option”	the option granted by Emperor Beijing Real Estate to the tenant to renew the tenancy of the Cinema Premises for additional 5 years from 5 May 2027 to 4 May 2032 pursuant to the Previous Tenancy Agreement
“PRC”	The People’s Republic of China
“Previous Tenancy Agreement”	the tenancy agreement dated 5 May 2017 entered into between Emperor Beijing Real Estate as landlord and Major Marketing as tenant in relation to the tenancy of the Cinema Premises, details of which were set out in the joint announcement of Emperor International and Emperor Culture dated 5 May 2017. Subsequently, Major Marketing has assigned its right to the Previous Tenancy Agreement to Emperor Cinemas Beijing as tenant in relation to the tenancy of the Cinema Premises

“Property”	Unit 03, 27th Floor, Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 31 October 2017 entered into between Emperor Beijing Real Estate as landlord and Emperor Cinemas Beijing as tenant in relation to the tenancy of the Property
“Vinco Capital”	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation under the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser appointed by the Emperor Culture for the purpose of Rule 14A.52 of the Listing Rules in relation to the Tenancy Agreement
“%”	per cent

English translation is directly translated from Chinese and for illustrative purpose only

Note: for illustrative purpose of this announcement only, conversion of RMB into HK\$ is made at the rate of RMB1.00 = HK\$1.18.

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

By order of the board
Emperor Culture Group Limited
Fan Man Seung, Vanessa
Chairperson

Hong Kong, 31 October 2017

As at the date hereof, the board of directors of Emperor International comprises:

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

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

Independent Non-executive Directors: Ms. Cheng Ka Yu
Mr. Wong Tak Ming, Gary
Mr. Chan Hon Piu

As at the date hereof, the board of directors of Emperor Culture comprises:

Executive Directors:

Ms. Fan Man Seung, Vanessa
Mr. Wong Chi Fai
Mr. Yeung Ching Loong, Alexander
Ms. Shirley Percy Hughes
Mr. Albert Lee

Independent Non-Executive Directors: Mr. Ng Hoi Yue

Ms. Chan Sim Ling, Irene
Mr. Ho Tat Kuen