
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Emperor International Holdings Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

(I) MAJOR TRANSACTION DISPOSAL OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY AND (II) NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board is set out from pages 8 to 28 of this circular.

A notice convening the SGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Monday, 24 May 2021 at 11:00 a.m. is set out from pages SGM-1 to SGM-3 of this circular. Whether or not you intend to attend the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the SGM (by Saturday, 22 May 2021, before 11:00 a.m.) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof (as the case may be) should you subsequently so wish and in such event the form of proxy previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the coronavirus disease 2019 ("COVID-19"), the following precautionary measures will be implemented at the SGM:

- (1) **Compulsory temperature screening/checks;**
- (2) **Compulsory health declaration;**
- (3) **Compulsory wearing of surgical face mask – no mask will be provided at the SGM venue;**
- (4) **No refreshment or drinks will be served and no corporate gift will be distributed; and**
- (5) **A designated seat will be assigned at the SGM venue.**

Attendees who do not follow the precautionary measures referred to in (1) to (3) above may be denied entry to the SGM venue, at the absolute discretion of the Company and to the extent permitted by law.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairperson of the SGM as their proxy and to return their forms of proxy by the time specified therein, instead of attending the SGM in person.

Subject to the development of COVID-19, the Company may implement further procedures and precautionary measures at short notice and may issue further announcement as appropriate. Shareholders should check the Company's website for updates on the latest arrangement of the SGM.

CONTENTS

	<i>Page</i>
PRECAUTIONARY MEASURES FOR THE SGM	1
DEFINITIONS	4
LETTER FROM THE BOARD	8
APPENDIX I(A) – BUSINESS VALUATION REPORT	I(A) – 1
APPENDIX I(B) – PROPERTY VALUATION REPORT	I(B) – 1
APPENDIX II – FINANCIAL INFORMATION OF THE GROUP	II – 1
APPENDIX III – GENERAL INFORMATION	III – 1
NOTICE OF SPECIAL GENERAL MEETING	SGM-1

PRECAUTIONARY MEASURES FOR THE SGM

In light of the situation of COVID-19, the Company would like to advise the Shareholders on the following precautionary measures for the SGM:–

(A) BEFORE THE SGM

- (1) **Voting by proxy in advance of the SGM:** The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the COVID-19. For the health and safety of Shareholders, **the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairperson of the SGM as their proxy instead of attending the SGM in person.** Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the SGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is Saturday, 22 May 2021 at 11:00 a.m.. Completed forms of proxy must be returned to the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The form of proxy can be downloaded from the websites of the Company (<https://www.emperorint.com>) or the Stock Exchange (<https://www.hkexnews.hk>).

- (2) **Appointment of proxy by non-registered Shareholders:** Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.
- (3) **Limiting attendance in person at the SGM venue:** The Company will limit attendance in person at the SGM venue subject to strict compliance of the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation at any one time in the SGM venue. The Board reserves the right to change this maximum attendance number at any time depending on the public health situation at the time of the SGM and the guidance of the HKSAR Government.

Shareholders who wish to attend the SGM in person or by proxy (whether or not the relevant forms of proxy have been completed and submitted) must register their intention and provide the following details by email to cosec@emperorgroup.com or alternatively in person at the Company's principal place of business in Hong Kong at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from Tuesday, 18 May 2021 to Thursday, 20 May 2021 during business hours from 9:00 a.m. to 6:00 p.m.:

1. full name (as shown on Hong Kong Identity Card or passport);
2. contact phone number; and
3. email address.

PRECAUTIONARY MEASURES FOR THE SGM

The application for the admission of the SGM venue in person will be allocated on a first-come-first-served basis. Duplicated registrations will be disregarded. Registered Shareholders will be notified by email and by phone (if reachable) on Friday, 21 May 2021 if such right of admission will be allocated. No notification will be sent to those Shareholders who are not successful to obtain the right of admission to the SGM venue in person.

- (4) **Questions at or prior to the SGM:** The SGM proceedings will be conducted with a view to focusing on the proposed resolutions as set out in the Notice of SGM. Shareholders are advised to contact the Company by email at ir163@emperorgroup.com if they have any question about the relevant resolutions or about the Company, or any matter for communication with the Board, as early as possible before the SGM date. The Company will endeavour to reply as soon as practicable.

(B) AT THE SGM

- (1) Compulsory temperature screening/checks will be carried out on every attendee before entry to the SGM venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or exhibiting flu-like symptoms or any HKSAR Government prescribed quarantine may be denied entry into the SGM venue and be requested to leave the SGM venue, at the absolute discretion of the Company and to the extent permitted by law.
- (2) Every attendee will be required to submit a completed and signed health declaration form (“**Form**”) prior to being admitted to the SGM venue. Please bring along the completed Form to the SGM venue to ensure smooth registration and certification processing. The Form can be downloaded from the website of the Company (<https://www.emperorint.com>).
- (3) Every attendee will be required to wear a surgical face mask throughout the SGM (including queuing for registration). Please note that no masks will be provided at the SGM venue and attendees should wear their own masks.
- (4) Every attendee will be assigned a seat in order to ensure appropriate social distancing and facilitate close contact tracing. Staff at the SGM venue will also assist in crowd control and queue management to ensure appropriate social distancing.

PRECAUTIONARY MEASURES FOR THE SGM

- (5) No refreshments, drinks or corporate gift will be served or distributed to attendees at the SGM venue.

- (6) Physical attendance by the Directors at the SGM venue will also be limited. Directors who will not be attending the SGM in person will participate through electronic means.

In addition, attendees are requested to observe and practise good personal hygiene at all times at the SGM venue. To the extent permitted by law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM.

Due to the constantly evolving COVID-19 situation in Hong Kong, the Company may be required to change the SGM arrangements with short notice. Shareholders should check the website of the Company (<https://www.emperorint.com>) for future announcements and updates on the SGM arrangements.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the same meaning as ascribed to it under the Listing Rules
“AY Holdings”	Albert Yeung Holdings Limited, an investment holding company incorporated in BVI and held by a private discretionary trust set up by Dr. Albert Yeung
“Board” or “Directors”	the board of directors of the Company
“Bring-down Valuation”	the valuation report of the Target Group prepared by the independent valuer, valuing 100% equity interest of the Target Group as of the Completion Date
“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 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 Transaction in accordance with the terms and conditions of the SP Agreement
“Completion Account”	unaudited combined statement of financial position of the Target Group as at the Completion Date and unaudited combined statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2020 to the Completion Date, prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance, with value of the Properties marked to that set out in the Preliminary Assessment Letter, to be delivered to the Purchaser pursuant to the SP Agreement

DEFINITIONS

“Completion Date”	within 5 Business Days following satisfaction (or waived by the Purchaser as appropriate) under the section headed “Conditions Precedent” in the “Letter from the Board” of this circular of all the conditions precedent to Completion pursuant to the SP Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration of the Transaction
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert
“Emperor E Hotel”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 296)
“Emperor E Hotel SGM”	the special general meeting (or any adjournment thereof) of Emperor E Hotel to be held for the purpose of approving the SP Agreement and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries from time to time
“HKD” or “HK\$”	Hong Kong dollars, being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	26 April 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Preliminary Assessment Letter”	the preliminary valuation of the Target Group prepared by the independent valuer, valuing 100% equity interest of the Target Group as of 31 January 2021
“PRC”	The People’s Republic of China

DEFINITIONS

“Properties”	(i) The Emperor Hotel; (ii) The Unit Serviced Apartments; and (iii) MORI MORI Serviced Apartments
“Property Holding Companies”	companies within the Target Group holding the Properties
“Purchaser” or “Emperor Hotel Investment”	Emperor Hotel Investment Limited, which is a company incorporated in BVI whose principal business is investment holding and is an indirect non-wholly owned subsidiary of Emperor E Hotel
“Sale Loan”	all loan, interest and all other sums owing by the Target Company to the Vendor as at Completion
“Sale Share”	1 ordinary share of US\$1.0 in the Target Company, which represents all the issued share and the entire issued share capital of the Target Company
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	special general meeting (or an adjournment thereof) of the Company to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Monday, 24 May 2021 at 11:00 a.m. to consider and, if think fit, approve, among other things, the SP Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“SP Agreement”	the sale and purchase agreement dated 16 March 2021 entered into between the Vendor and the Purchaser in relation to the Transaction
“Special Dividend”	the cash dividend of HK1.0 cent per Share payable to all Shareholders subject to the approval by the Board and Completion
“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)

DEFINITIONS

“Target Company” or “Poly Keen”	Poly Keen International Limited, which is a company incorporated in BVI and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries, including but not limited to the Property Holding Companies and operator companies
“Transaction”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser under the SP Agreement
“Vendor” or “Emperor Hotel Group”	Emperor Hotel Group Limited, which is a company incorporated in BVI whose principal business is investment holding and is a direct wholly-owned subsidiary of the Company
“Verification Account”	verification of the Completion Account prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance, with value of the Properties marked to that set out in the Bring-down Valuation, to be prepared subject to conditions set out in the SP Agreement
“%”	per cent

LETTER FROM THE BOARD



英皇集團（國際）有限公司*

Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

Non-executive Director:

Ms. Luk Siu Man, Semon (*Chairperson*)

Executive Directors:

Mr. Wong Chi Fai (*Managing Director*)

Ms. Fan Man Seung, Vanessa (*Managing Director*)

Mr. Cheung Ping Keung

Mr. Yeung Ching Loong, Alexander

Independent Non-executive Directors:

Ms. Cheng Ka Yu

Mr. Wong Tak Ming, Gary

Mr. Chan Hon Piu

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and Place of Principal
Business in Hong Kong:*

28th Floor

Emperor Group Centre

288 Hennessy Road

Wanchai

Hong Kong

30 April 2021

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION DISPOSAL OF ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 16 March 2021 whereby the Board announced that the Vendor and the Purchaser entered into the SP Agreement, pursuant to which, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in the Target Company and the loan due from the Target Company to the Vendor at a consideration of approximately HK\$2,083 million (subject to adjustments), which was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the business valuation of the Target Group as stated in the Preliminary Assessment Letter (having taken into account of the valuation of the Properties and the then financial position of the Target Group).

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, amongst others, (i) further details of the Transaction; (ii) the financial information of the Target Group; (iii) the valuation report of the Target Group; (iv) the financial information of the Group; (v) other information as required under the Listing Rules; and (vii) a notice convening the SGM for the purpose of considering and, if think fit, approving, by way of poll, the SP Agreement and the transaction contemplated thereunder.

THE SP AGREEMENT DATED 16 MARCH 2021

The Vendor: Emperor Hotel Group

The Purchaser: Emperor Hotel Investment

Assets to be disposed of

Pursuant to the SP Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share and the Sale Loan.

Consideration and payment terms

Subject to the adjustments as disclosed under the section headed “Consideration adjustment”, the Consideration payable by the Purchaser to the Vendor shall be approximately HK\$2,082 million which shall be payable in the following manner:

- (a) 90% of the Consideration shall be paid on the Completion Date; and
- (b) the balance of the Consideration, subject to adjustments stated below and pursuant to the SP Agreement, shall be paid within 60 Business Days following the Completion Date (or such other date as mutually agreed by the Vendor and the Purchaser).

The Consideration (or any part thereof) shall be settled by the Purchaser by cash transfer to the designated bank account(s) of the Vendor or such other method as mutually agreed by the Vendor and the Purchaser from time to time.

The Consideration is determined after arm’s length negotiation between the Vendor and the Purchaser with reference to the business valuation of the Target Group of approximately HK\$2,082 million as stated in the Preliminary Assessment Letter (having taken into account of the aggregated valuation of the Properties of HK\$2,015 million and the then financial position of the Target Group) as at 31 January 2021 and subject to adjustments arising from the Bring-down Valuation. As at the Latest Practicable Date, the amount of the Sale Loan was approximately HK\$1,344 million.

LETTER FROM THE BOARD

In order to assess the fairness and reasonableness of the Consideration, the Company engaged Flagship Appraisals and Consulting Limited (the “**Business Valuer**”) and Savills Valuation and Professional Services Limited (the “**Property Valuer**”) (collectively, the “**Valuers**”) to perform the business valuation of the Target Group (the “**Business Valuation**”) and the valuation of the Properties (the “**Property Valuation**”) respectively. The Valuers have confirmed to the Company and Emperor E Hotel of their independence.

The Directors have assessed the respective qualification, experience and the track record of the Valuers and are of the view that Mr. Ferry S.F. Choy, the Managing Director of the Business Valuer and the signor of the business valuation report (“**Business Valuation Report**”) who has over 10 years of experience in the valuation profession and has been engaged as the valuer for a wide range of companies listed on the Stock Exchange, and Mr. Freddie Ling (Senior Director of the Property Valuer) and Mr. Eddie So (Director of the Property Value) and the signors of the property valuation report (the “**Property Valuation Report**”) who have over 35 years and 26 years of experience in the valuation of properties in Hong Kong respectively and have conducted valuation for similar properties in Hong Kong, are qualified, experienced and competent in performing the Business Valuation and the Property Valuation respectively.

As stated in the Property Valuation Report issued by the Property Valuer in relation to the Property Valuation as set out in Appendix I(B) to this circular, the valuation is performed under market method known as sales comparison approach and the key assumptions made mainly covers that (i) no allowance for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation may be incurred in effecting a sale; (ii) the Properties have good legal titles and are freely transferable in the market; (iii) the interiors of the Properties are finished and maintained in reasonable conditions commensurate with their ages and uses, and the Properties are in their original/approved layouts without any unauthorized structures, extensions, and alterations; and (iv) there were no plans for substantial construction, renovation, improvement, development or change of uses of the Properties. The Board understood that the above valuation methodology and the key assumptions are commonly adopted in valuation of properties in the market and considered as appropriate and necessary.

Set out below are the details of recent sales of the comparable properties the Property Valuer had made reference to:

LETTER FROM THE BOARD

The Emperor Hotel

The Property Valuer has selected and adopted 3 recent sales of hotel properties in Hong Kong as comparables.

Date	Hotel Name and Address	Consideration (HK\$ Million)	Gross Floor Area (sq. ft.)	Unit Rate (per sq. ft.)
Aug-2020	Le Petit Rosedale Hotel Hong Kong, 7 Moreton Terrace, Causeway Bay	460.00	31,157	HK\$14,764
Jul-2020	Queen's Hotel, 199 Queen's Road West, Sai Ying Pun	310.00	26,777	HK\$11,577
May-2020	H1 Hotel, 423 and 425 Reclamation Street, Mong Kok	260.00	17,497	HK\$14,860
			Average	HK\$13,734
			Average adjusted unit rate	HK\$13,000

MORI MORI Serviced Apartments

The Property Valuer has selected and adopted the 5 recent sales of similar commercial properties and 8 recent sales of residential properties in the vicinity of the MORI MORI Serviced Apartments as comparables.

LETTER FROM THE BOARD

Commercial Comparables

Date	Comparable	Consideration <i>(HK\$ Million)</i>	Saleable Area <i>(sq. ft.)</i>	Unit Rate <i>(per sq. ft.)</i>
Jan-2021	Shop A and Shop B on Ground Floor, Man Shek Building, 404-406 Jaffe Road	38.0	1,129	HK\$33,658
Aug-2020	Shops 6 and 7 on Ground Floor, Dandenong Mansion, 379-389 Jaffe Road	29.0	880	HK\$32,955
Jul-2020	Shop E on Ground Floor, Lucky Plaza, 315-321 Lockhart Road	17.5	348	HK\$50,287
Mar-2020	Shop A on Ground Floor, Fuji Building, 381-383 Lockhart Road	30.0	647	HK\$46,368
Jul-2019	Ground Floor, 17 Morrison Hill Road	19.0	533	HK\$35,647
			Average	HK\$39,783
			Average adjusted unit rate	HK\$36,000

LETTER FROM THE BOARD

Residential comparables

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Jan-2021	13/F, Galway Court, 9 Cross Street	5.80	311	HK\$18,650
Dec-2020	Flat A, 20/F, Sam Yuen Mansion, 204-210 Lockhart Road	6.00	389	HK\$15,424
Dec-2020	Flat A, 20/F, Mei Fai Mansion, 110-116 Jaffe Road	6.68	427	HK\$15,644
Dec-2020	Flat A, 15/F, Tai Wo Mansion, 2-8 Tai Wo Street	5.90	388	HK\$15,206
Oct-2020	Flat A, 5/F, Eastman Court, 229-233 Hennessy Road	4.60	309	HK\$14,887
Oct-2020	Flat B, 7/F, Eastman Court, 229-233 Hennessy Road	5.12	309	HK\$16,570
Sep-2020	Flat B, 11/F, Eastman Court, 229-233 Hennessy Road	5.00	309	HK\$16,181
Aug-2020	Flat A, 7/F, Eastman Court, 229-233 Hennessy Road	5.15	309	HK\$16,667
			Average	HK\$16,154
			Average adjusted unit rate	HK\$16,900

LETTER FROM THE BOARD

The Unit Serviced Apartments

The Property Valuer has selected and adopted the 2 recent sales of similar commercial properties and 11 recent sales of residential properties in the vicinity of The Unit Serviced Apartments as comparables.

Commercial Comparables

Date	Comparable	Consideration <i>(HK\$ Million)</i>	Saleable Area <i>(sq. ft.)</i>	Unit Rate <i>(per sq. ft.)</i>
Dec-2020	Unit 2 on Ground Floor, Green Valley Mansion, 51 Wong Nai Chung Road	39.0	883	HK\$44,168
Aug-2018	Shop A on Ground Floor, Broadview Mansion, 75B Wong Nai Chung Road	15.0	320	HK\$46,875
			Average	HK\$45,522
			Average adjusted unit rate	HK\$41,800

Residential comparables

Date	Comparable	Consideration <i>(HK\$ Million)</i>	Saleable Area <i>(sq. ft.)</i>	Unit Rate <i>(per sq. ft.)</i>
Jan-2021	Flat A, 12/F, Fortuna Court, 1 Wong Nai Chung Road	10.000	468	HK\$21,357
Jan-2021	Flat E, 3/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	11.543	398	HK\$29,003
Jan-2021	Flat F, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.238	428	HK\$30,930
Dec-2020	Flat B, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.345	402	HK\$33,197

LETTER FROM THE BOARD

Date	Comparable	Consideration <i>(HK\$ Million)</i>	Saleable Area <i>(sq. ft.)</i>	Unit Rate <i>(per sq. ft.)</i>
Dec-2020	Flat A, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.293	411	HK\$32,343
Nov-2020	Flat F, 10/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.584	428	HK\$31,738
Nov-2020	Flat F, 5/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	12.060	428	HK\$28,178
Nov-2020	Flat A, 19/F, Le Village, 49 Village Road	8.000	379	HK\$21,108
Nov-2020	Flat B, 17/F, Le Village, 49 Village Road	7.050	294	HK\$23,980
Jul-2020	Flat B, 28/F, The Gracedale, 23 Yuk Sau Street	9.060	392	HK\$23,112
Jun-2020	Flat A, 6/F, Fortuna Court, 1 Wong Nai Chung Road	11.500	468	HK\$24,573
			Average	HK\$27,229
			Average adjusted unit rate	HK\$27,100

LETTER FROM THE BOARD

The Directors have reviewed the selection criteria and the comparable properties which the Property Valuer had made reference to and understood that the data and information about the comparable properties are mostly obtained from various property data website. The comparable properties were selected as they shared similar locality, size, age, condition and trading potential (for commercial comparables only) to the Properties. The Directors noted that the sales of the comparable properties are mostly recent and are located in the same district and of similar type with the Properties and, given the lack of commercial property transactions in the vicinity of The Unit Serviced Apartments, the sale in 2018 has selected as one of the comparable properties. In light of above, the Directors considered selection criteria are appropriate. The Directors also understood that, after selection of the comparable properties, the Property Valuer has considered the different attributes between the Properties and the comparable properties in terms of transaction time, location, view, and other relevant factors, and then carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of the market value of the Properties. Given that Hong Kong's property market is active and mature and, to the best of the Property Valuer's knowledge, the comparable properties represent an exhaustive list, the Board considered the comparable properties are representative, fair and objective comparisons.

As stated in the Business Valuation Report issued by the Business Valuer in relation to the Business Valuation as set out in Appendix I(A) to this circular, the Business Valuer has considered three generally accepted valuation approaches, namely income approach, market approach and cost approach.

The Directors concurred with the Business Valuer that the income approach requires a reliable projection for the hospitality business, which was considered as difficult to come up with under the current situation as the prospect of hospitality business is uncertain due to its correlation between the development of COVID-19 pandemic and the recovery of the Hong Kong's tourism after COVID-19. At current stage, it remains difficult to assess the future development and a high level of uncertainty would be involved inevitably in forming a projection for the hospitality business. Thus, the Directors agreed with the Business Valuer that income approach is not preferable.

As the market value of the Properties had been valued by the Property Valuer independently using market approach, the Directors concurred with the Business Valuer that it would be redundant to adopt market approach again and it was appropriate to adopt adjusted net asset value method under the cost approach to reflect the values of the underlying assets of the Target Group. The Board considered the valuation methodology are fair and reasonable.

The key assumptions of the Business Valuation mainly covered (i) no material change to existing political, legal, fiscal, foreign trade, economic conditions, taxation laws, policies, industrial trend and market condition, (ii) the retention of the management, key personnel and technical staff to maintain the Target Group's ongoing operations; and (iii) all relevant legal approvals, business certificates, or licenses for the normal course of operation are formally obtained, remain in good standing, and can be procured with no additional costs or fees.

LETTER FROM THE BOARD

The Directors have also reviewed the assumptions made in valuation of the underlying assets of the Target Group. For the current asset and current liabilities as these are short-term in nature, it is considered appropriate to assume the book value of the current assets and current liabilities reflects their market value. For debt-like instrument, the Directors understood that these, including Sale Loan, should not be deducted from the total assets of the Target Company when measuring of the business enterprise value given the business enterprise value does not take the capital structure of a business into account. Therefore, it is appropriate not to deduct bank loans, the amounts due to fellow subsidiaries, and the amount due to non-controlling interests of a subsidiary from the total asset of the Target Company. The Directors have not identified any major factors which caused us to doubt the fairness and reasonableness of the assumptions adopted for the Business Valuation.

In relation to the valuation adjustment in Business Valuation, the Business Valuer considered, and the Directors agreed, that the adjustment for the controlling shareholder's privileges is not necessary as the Target Company is a wholly-owned subsidiary of the Company. In regarding the discount for lack of marketability, it is considered not applicable to the valuation as the major assets involved are the Properties and their market values have been evaluated by Property Valuer and all other asset and liabilities were developed based on the market value, which implied the marketability of the individual assets and liabilities should have been reflected.

In light of the above, the Directors believed that the Business Valuation (which has taken into account of the Property Valuation and the market value of the asset and liabilities of the Target Group) is an appropriate reference for determining the Consideration. Given that the Consideration is equivalent to the valuation of the market value of the business enterprise value of the Target Group of approximately HK\$2,082 million as at 31 January 2021 as stated in the Business Valuation Report, subject to adjustments arising from the Bring-down Valuation, the Board is of the view that the Consideration is fair and reasonable and is in the interest of the Company and its shareholders as a whole.

Consideration adjustment

Pursuant to the SP Agreement, within 60 Business Days following Completion (or such other date as mutually agreed by the Purchaser and the Vendor), the Vendor and the Purchaser shall verify all the relevant matters in the Completion Account and settle the Verification Account jointly with reference to the valuation stated in the Bring-down Valuation. The Consideration shall be adjusted according to the Bring-down Valuation (having taken into account the Verification Account).

If the valuation stated in the Bring-down Valuation shall be less than the valuation as stated in the Preliminary Assessment Letter, the Consideration shall be adjusted downwards on a dollar-for-dollar basis. Such adjusted downwards amount shall be payable by the Vendor to the Purchaser.

If the valuation stated in the Bring-down Valuation shall be more than the valuation as stated in the Preliminary Assessment Letter, the Consideration shall be adjusted upwards on a dollar-for-dollar basis. Such adjusted upwards amount shall be payable by the Purchaser to the Vendor.

LETTER FROM THE BOARD

Conditions Precedent

Completion is conditional upon the following conditions precedent having been satisfied:–

- (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 Property Holding Companies' respective good title to the Properties 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; and
- (c) the obtaining of all required approvals at the SGM and Emperor E Hotel SGM on the SP Agreement and the transaction contemplated thereunder.

In the event that any of the foregoing conditions is not fulfilled (or waived by the Purchaser, except condition (c) above) in accordance with the SP Agreement within 9 months from the date of the SP Agreement, the Purchaser shall be entitled to terminate the SP Agreement by notice in writing to the Vendor whereupon, subject to the terms of the SP Agreement, the Vendor shall return to the Purchaser all money paid by the Purchaser to the Vendor under the SP Agreement (if any) forthwith without costs, compensation and interest and neither the Vendor nor the Purchaser shall have any claim against the other thereon save and except for any antecedent breach.

As at the Latest Practicable Date, conditions (a) and (b) have been fulfilled.

Completion

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except condition (c) above which cannot be waived), 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 the Purchaser in writing) pursuant to the SP Agreement. Completion is expected to take place on or before 31 August 2021.

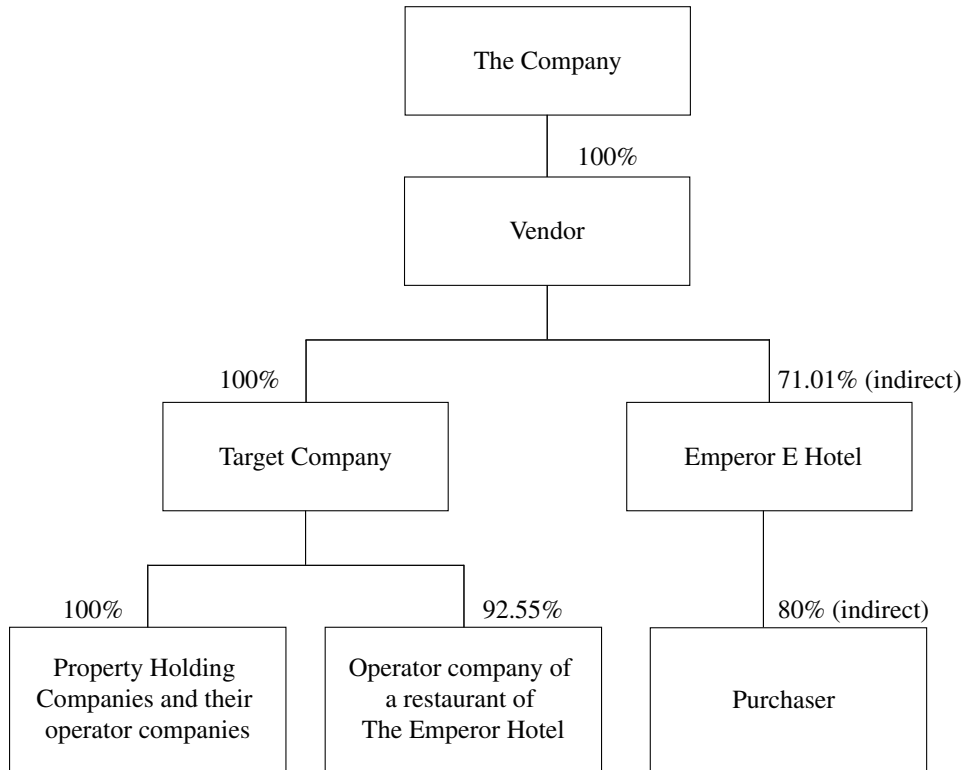
Immediately after Completion, the Target Company will become a non-wholly owned subsidiary of Emperor E Hotel; on the other hand, the Target Company will become a non-wholly owned subsidiary of the Company (through its shareholdings in Emperor E Hotel).

After Completion, the Company will focus on property investment and property development with Emperor E Hotel as its subsidiary continuing to operate hotel and hotel related business.

LETTER FROM THE BOARD

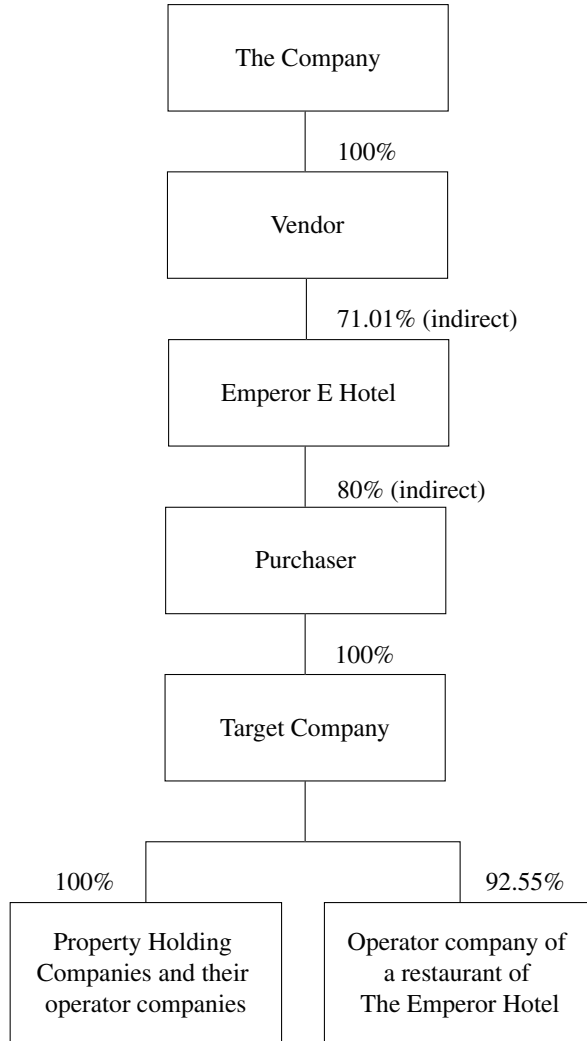
Set out below is the shareholding structure of the Target Company:

Prior to Completion



LETTER FROM THE BOARD

Immediately upon Completion



LETTER FROM THE BOARD

INFORMATION OF THE COMPANY AND THE VENDOR

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. 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 BVI and an indirect non-wholly owned subsidiary of Emperor E Hotel with principal business of investment holding.

INFORMATION OF THE TARGET GROUP AND THE PROPERTIES

Information of the Target Group

The Target Company is a company incorporated in BVI on 12 May 2006 and an indirect wholly-owned subsidiary of the Company. The principal business of the Target Company is investment holding of companies engaged in hospitality business and property investment in Hong Kong.

Prior to entering into the SP Agreement, the Company has restructured the equity interest of the Property Holding Companies and their operator companies by transferring them from the relevant holding companies (all being wholly-owned subsidiaries of the Company) to the Target Company so that all members of the Target Group are grouped under one company being the Target Company.

Assuming the Target Group had been formed since 1 April 2018, the audited consolidated financial information of the Target Group for the two years ended 31 March 2019 and 2020 were as follows:

	For the year ended 31 March 2020 (Audited) HK\$'000	For the year ended 31 March 2019 (Audited) HK\$'000
Revenue	101,921	153,818
Adjusted EBITDA ¹	1,829	13,108
Net profit/(loss) before taxation	520,855	(49,190)
Net profit/(loss) after taxation	531,095	(49,280)

LETTER FROM THE BOARD

1. *For illustrative purpose, adjusted EBITDA represents the earnings before interest, taxation, depreciation and amortisation, adjusted by one-off gain on disposal of property, plant and equipment and fair value changes of investment properties for showing the performance of the Target Group at operating level.*

The aggregated valuation of the Properties as at 31 March 2019 and 31 March 2020 were approximately HK\$2,701 million and HK\$2,147 million respectively. The audited consolidated total asset value and net liabilities of the Target Group as at 31 January 2021 were approximately HK\$2,091 million and HK\$195 million respectively. As at 31 January 2021, the aggregated valuation of the Properties as set out in the Preliminary Assessment Letter was HK\$2,015 million.

Information of the Properties

The Properties are as follows:

- (1) The Emperor Hotel – It is a 29-storey hotel with a gross floor area of 115,728 square feet. Located in Wan Chai, Hong Kong, it is a signature hotel project under “Emperor” brand in Hong Kong and offers 299 guest rooms together with leisure, dining and parking facilities. Golden Valley, a Cantonese and Sichuan cuisine inside this hotel, was awarded the Michelin 1-star restaurant recognition previously.
- (2) The Unit Serviced Apartments – It is a 21-storey composite building with G/F to 1/F devoted to retail use whilst upper floors accommodate 68 serviced apartments in Happy Valley, Hong Kong. It is a highly sought-after residence given its ease of access to the central business district, helping to ensure solid short-term leasing demand especially from the MICE visitors.
- (3) MORI MORI Serviced Apartments – It is a 12-storey composite building with G/F to 2/F devoted to retail/office uses whilst upper floors accommodate 18 stylish serviced apartments with state-of-the-art facilities and professional customer services. Situated at the vibrant junction of Wan Chai and Causeway Bay in Hong Kong, it is ideal for expats, MICE visitors, business travellers and overseas professionals, on both short-and-long term leases.

LETTER FROM THE BOARD

Tenancy arrangements in relation to the Properties

Set out below is a summary of the major terms of the tenancy agreements in relation to the Properties:

Whole 25th Floor, The Emperor Hotel, 373 Queen's Road East, Wan Chai, Hong Kong

Term: 1 April 2019 to 31 March 2023

Rent: HK\$160,000 per month (being reduced to HK\$64,000 for the period from 1 December 2020 to 28 February 2021)

Usage: As restaurant

Ground Floor together with the open yard abutting and adjacent thereto, MORI MORI Serviced Apartments, 46 Morrison Hill Road, Wan Chai, Hong Kong

Term: 2 years commencing from 1 March 2019 (and subsequent tenancy for a term of 2 years commencing from 1 March 2021)

Rent: HK\$106,920 per month for the period from 1 March 2019 to 28 February 2021
HK\$80,190 per month for the period from 1 March 2021 to 28 February 2023

Usage: As retail shop

Ground Floor together with the open yard abutting and adjacent thereto, MORI MORI Serviced Apartments, 48 Morrison Hill Road, Wan Chai, Hong Kong

Term: 2 years commencing from 7 May 2019

Rent: HK\$82,000 per month for the period from 7 May 2019 to 6 May 2020
HK\$85,000 per month for the period from 7 May 2020 to 6 May 2021

Usage: As retail shop

LETTER FROM THE BOARD

Shop on Ground Floor, The Unit Serviced Apartments, Nos. 17-19 Yik Yam Street, Happy Valley, Hong Kong

Term: 3 years commencing from 15 November 2018

Rent: HK\$40,000 per month or 15% of monthly gross receipts (whichever is higher)

Usage: As retail shop

Shop on First Floor, The Unit Serviced Apartments, Nos. 17-19 Yik Yam Street, Happy Valley, Hong Kong

Term: 3 years commencing from 1 June 2019

Rent: HK\$35,000 per month

Usage: As retail shop

As at the Latest Practicable Date, the Purchaser has no intention to change the use of the above Properties under tenancy upon the expiry of the tenancy agreements.

FINANCIAL EFFECT OF THE TRANSACTION

Having taken into account of the Sale Share and Sale Loan, upon Completion, each company of the Target Group shall remain as a subsidiary of the Company, and the Target Group's results will continue to be consolidated into the financial statements of the Company. Accordingly, it is expected that there will be no gain or loss arising from the Transaction for the Company. Upon Completion, except for the tax implications arising from the Transaction, there will be no material impact to the total assets and liabilities of the Group. Shareholders should note that the actual amount of gain/loss on the Transaction to be recorded by the Group (if any) will be subject to review by the auditors of the Company.

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 effect of the Transaction will be determined with reference to the financial status of the Target Group as at the Completion Date.

LETTER FROM THE BOARD

The net proceeds of approximately HK\$2,082 million (subject to consideration adjustment, where applicable) from the Transaction will be applied as to: (i) approximately HK\$37.0 million as payment of Special Dividend (subject to approval by the Board and Completion); and (ii) approximately HK\$2,045 million (or the remaining after consideration adjustment, where applicable) as enrichment of working capital for the Group, out of which, not less than 90% is intended to be applied to operate existing business with improvement on financial and operational performance, that included but not limited to operational expenditure for existing and/or new construction projects with other expenditures and possible acquisition of and/or investment in project(s) which leverage on the competitive advantage of the Group should suitable opportunities arise; whereas the remaining will be applied to general working capital. As at the Latest Practicable Date, the Company has not identified any potential property investment opportunities and construction projects. In the event that any property investment opportunities and construction projects is crystallised, the Company will inform the Shareholders and make announcement(s) in accordance with the Listing Rules as and when appropriate.

As at the Latest Practicable Date, the total issued shares (assuming no issue of new Shares or repurchase of Shares on or before the record date of the Special Dividend) of the Company is 3,677,545,667 Shares. The total amount of Special Dividend (subject to approval by the Board and Completion), if being paid out will be approximately HK\$37.0 million. Further announcement(s) regarding book close dates, record date and payment date of the Special Dividend will be made as and when appropriate.

REASONS AND BENEFITS FOR THE TRANSACTION

Before the Transaction, the Group is principally engaged in property investment, property development and hospitality in Greater China and overseas. After Completion, the Group (excluding Emperor E Hotel) will focus on property investment for rental income and property development for sale, while the overall performance of Company continues to include the hospitality service at consolidation level. The Group will acquire properties for enhancing its investment properties portfolio and acquire the lands for expanding its land bank for property development from time to time when it thinks fit. The entire hospitality business segment originally owned by the Company before Completion will be owned by Emperor E Hotel upon Completion.

The Company has reserved resources to get ready for the recovery of the hospitality sector. Although the Board believed that Hong Kong's hospitality sector will recover to the pre-pandemic level in the long run, given the uncertainty regarding to the development of the pandemic in the near future, the Board has conducted a strategic review over its business operations. The Board is of the view that the Transaction represents a good opportunity to achieve a more efficient resource allocation such that the Company can utilise its reserved resources in enhancing its investment properties portfolio and expanding its land bank for property development; while Emperor E Hotel focuses on the hospitality sector.

LETTER FROM THE BOARD

Further, the Transaction can achieve better delineation of assets, resources (both tangible and intangible) and business activities among the Company and Emperor E Hotel, and streamline the decision-making process of respective management teams. It will also enable potential investors and existing Shareholders to better assess the investment values by clearly distinguishing the business focus between the Company and Emperor E Hotel.

Moreover, the Transaction will enable the Company to realise its capital investment in the Target Group. The sales proceeds will strengthen its financial position and enhance its financial flexibility to better ride on the opportunities arose once Hong Kong's economy has restored to the pre-pandemic level.

Not only has the valuation of the Properties, but the overall hospitality-related property market has exhibited a downward pressure since 2019 due to the social unrest and the COVID-19 pandemic, which are beyond the control of the Company. However, the fairness of Consideration would not be affected by such downtrend as the Consideration has made reference to the fair value indicated by the Business Valuation of approximately HK\$2,083 million. Besides, the valuation of the Properties would not be surged back to pre-pandemic level instantly even the Hong Kong's tourism rebound. In any event the Company will not record any gain or loss arising on the Transaction, and taken into account the numerous benefits abovementioned, the Board is of the view that the terms of the SP Agreement are fair and reasonable and that they are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

As at the Latest Practicable Date, the Company has no plan or intention and has not entered into any agreement, arrangement, understanding or negotiation (whether formal or informal; express or implied) to acquire any new businesses or dispose of its existing businesses in the next 12 months.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 25% but less than 75%, the Transaction constitutes a major disposal of the Company under Chapter 14 of the Listing Rules. Accordingly, the Transaction is subject to announcement, circular, Shareholders' approval and reporting requirements under Chapter 14 of the Listing Rules.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being common directors of the Company and Emperor E Hotel, did abstain from voting on the relevant board resolution(s) of the Company to approve the Transaction.

LETTER FROM THE BOARD

Ms. Luk Siu Man, Semon, the Chairperson and a non-executive Director and Mr. Yeung Ching Loong, Alexander, an executive Director, did abstain from voting on the relevant board resolution(s) of the Company in view of their deemed interest in the Transaction by virtue of being an associate of the eligible beneficiaries and one of the eligible beneficiaries respectively of the private discretionary trust which ultimately owns effective interest in Emperor E Hotel as to approximately 53% as at the Latest Practicable Date.

Save as disclosed above, none of the other Directors was required to abstain from voting on the board resolution(s) to approve the Transaction.

SGM

A notice convening the SGM to be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Monday, 24 May 2021 at 11:00 a.m. is set out from pages SGM-1 to SGM-3 of this circular. An ordinary resolution (the “**Resolution**”) will be proposed at the SGM for the Shareholders to approve the SP Agreement and the transaction contemplated thereunder.

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Transaction. As such, no Shareholder and his close associates would be required to abstain from voting on the Resolution.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time of the SGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting (as the case may be).

In order to qualify for the right to attend and vote at the above meeting, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on Monday, 17 May 2021.

RECOMMENDATION

The Board is of the view that the terms of the SP Agreement have been negotiated on an arm’s length basis, on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the Resolution to be proposed at the SGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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



30 April 2021

The Board of Directors
Emperor International Holdings Limited
28/F, Emperor Group Centre
288 Hennessy Road
Wan Chai, Hong Kong

AND

The Board of Directors
Emperor Entertainment Hotel Limited
28/F, Emperor Group Centre
288 Hennessy Road
Wan Chai, Hong Kong

Dear Sirs/Madams,

Re: Business Enterprise Value of Poly Keen International Limited and its Subsidiaries

According to our discussion with Emperor International Holdings Limited (“**Emperor International**”) and Emperor Entertainment Hotel Limited (“**Emperor E Hotel**”, together with Emperor International collectively referred to as the “**Parties**”), we understand that the Parties through their respective subsidiaries entered into a sale and purchase agreement (the “**SP Agreement**”) on 16 March 2021. Pursuant to the SP Agreement, Emperor Hotel Group Limited (the “**Vendor**”), which is a direct wholly-owned subsidiary of Emperor International, conditionally agreed to sell, and Emperor Hotel Investment Limited (the “**Purchaser**”), which is an indirect non-wholly owned subsidiary of Emperor E Hotel, conditionally agreed to purchase the entire equity interest in Poly Keen International Limited (the “**Target Company**”), an indirect wholly-owned subsidiary of Emperor International and the loan due from the Target Company to the Vendor.

The Parties engaged Flagship Appraisals and Consulting Limited (“**Flagship Appraisals**”) to perform an independent valuation for the Business Enterprise Value of the Target Company and its subsidiaries (collectively referred to as the “**Target Group**”) as at 31 January 2021 (the “**Valuation Date**”).

Our analysis and result, which are to be used only in their entirety, are for the use of the Parties for internal reference purposes only and will be formed parts of the Parties' circulars. They are not to be used for any other purposes or by any other party, without our express written consent. No one should rely on our analysis and result as a substitute for their own judgement or due diligence. The following report summarizes the result and findings based on our analysis.

This valuation engagement is conducted in accordance with the International Valuation Standards. The estimate of value that results from this valuation engagement is expressed as a conclusion of value.

Based on our analysis, the Business Enterprise Value of the Target Group, on a controlling non-marketable basis, as at the Valuation Date was as below:

31 January 2021	<i>In HKD'000</i>
Business Enterprise Value	2,082,485

This result is subject to the assumptions, the Limiting Conditions, and the Statement of General Services Conditions described in this report. We have no obligation to update this report or our result for information that comes to our attention after the date of this report.

Yours faithfully,
For and on behalf of
FLAGSHIP APPRAISALS AND CONSULTING LIMITED

Ferry S.F. Choy
MSc. Fin, CFA, ICVS
Managing Director

CONTENT

1. EXECUTIVE SUMMARY	4
2. INTRODUCTION	4
3. SCOPE OF SERVICES	5
4. BASIS OF VALUE	5
5. PREMISE OF VALUE	5
6. LEVEL OF VALUE	6
7. SOURCES OF INFORMATION	6
8. COMPANY OVERVIEW	7
9. VALUATION METHODOLOGY	7
10. GENERAL ASSUMPTIONS	9
11. ADJUSTED NET ASSET VALUE	9
12. LIMITING CONDITIONS	12
13. CONCLUSION	12
EXHIBIT A – STATEMENT OF GENERAL SERVICES CONDITIONS	14
EXHIBIT B – INVOLVED STAFF BIOGRAPHIES	15

1. EXECUTIVE SUMMARY

Governing Standard:	International Valuation Standards
Purpose:	Internal reference
Standard of Value:	Market value
Premise of Value:	Value as a going concern
Level of Value:	Controlling non-marketable interest
Clients:	Emperor International Holdings Limited Emperor Entertainment Hotel Limited
Target:	Business Enterprise Value of Poly Keen International Limited and its subsidiaries
Type of Entity:	Private company
Valuation Date:	31 January 2021
Report Date:	30 April 2021
Methodology:	Cost approach – Adjusted Net Asset Value
Valuation Result (HKD'000):	2,082,485

2. INTRODUCTION

The Purchaser and the Vendor entered into the SP Agreement on 16 March 2021, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in the Target Company and the loan due from the Target Company to the Vendor.

We are engaged to perform an independent valuation for the Business Enterprise Value of the Target Group as at the Valuation Date. It is our understanding that our analysis and result, which are used only in their entirety, are used by the Parties for internal reference purposes only, and will be formed parts of the Parties' circulars.

Our analysis was conducted for the above purpose and this report should be used for no other purpose or by any other party, without our express written consent. No one should rely on our analysis and result as a substitute for their own judgement or due diligence.

This valuation engagement is conducted in accordance with the International Valuation Standards. The estimate of value that results from this valuation engagement is expressed as a conclusion of value.

The Target Company, through its subsidiaries, hold a hotel and two service apartments (collectively referred to as the “**Properties**”). The valuations of the Properties (the “**Property Valuation**”) are conducted by Savills Valuation and Professional Services Limited (the “**Property Valuer**”). For details of the valuations of the Properties, please refer to the Property Valuation Report as set out in Appendix I(B) to this circular. We have discussed the valuation methodology and basis adopted in the Property Valuation with the Property Valuer. This valuation has been relied on the results of the Property Valuation to form our opinion.

The approaches and methodologies used in our work do not comprise an examination in accordance with generally accepted accounting principles, the objective of which is an expression of an opinion regarding the fair presentation of financial statements or other financial information, whether historical or prospective.

Our work is performed subject to the assumptions, the Limiting Conditions, and the Statement of General Services Conditions described in this report.

3. SCOPE OF SERVICES

The scope of service includes the valuation of the business enterprise value of the Target Group as at the Valuation Date.

4. BASIS OF VALUE

The basis of value for this valuation is Market Value. According to International Valuation Standard, Market Value is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.*”

5. PREMISE OF VALUE

Premise of value means an assumption regarding the most likely set of transactional circumstances that may be applicable to a valuation. In general, there are two types of premises: 1) going concern and 2) liquidation.

- 1) Going concern: a business is expected to continue operation without intention or threat of liquidation; and

- 2) Liquidation: a business is clearly going to cease operation in the near future. It can be further classified into orderly liquidation or forced liquidation.

For this valuation, the premise of value should be going concern. Going concern value is defined as *“the value of a business enterprise that is expected to operate into the future. The intangible elements of Going Concern Value result from factors such as having a trained workforce, an operational plant, and the necessary licenses, systems, and procedures in place”*.

6. LEVEL OF VALUE

The control characteristics and marketability characteristics significantly affect the value of an equity interest. The combination of these characteristics commonly refers to the level of value. There are four basic levels of value: 1) controlling marketable interest value, 2) controlling non-marketable interest value, 3) non-controlling marketable interest value, and 4) non-controlling non-marketable interest value.

In this case, the level of value is controlling non-marketable interest value as we are evaluating the business enterprise value of the Target Group which is the value of the whole business.

7. SOURCES OF INFORMATION

Sources of data utilized in our analysis include but are not limited to the following:

- Unaudited consolidated management accounts of the Target Group for the ten months ended 31 January 2021;
- Unaudited consolidated management accounts of the Target Group for the years ended 31 March 2018, 31 March 2019 and 31 March 2020;
- Group chart of the Target Group as at the Valuation Date; and
- The Property Valuation prepared by the Property Valuer.

We have also relied upon publicly available information from sources on capital markets, including industry reports, various databases of publicly traded companies, and news.

We express no opinion and accept no responsibility for the accuracy and completeness of the financial information or other data provided to us by others. We assume that the financial and other information provided to us is accurate and complete, and we have relied upon this information to perform our assessment.

8. COMPANY OVERVIEW

Poly Keen International Limited

The Target Company is a company incorporated in BVI and an indirect wholly-owned subsidiary of Emperor International. The Target Company, through its subsidiaries, engaged in hospitality business and property investment in Hong Kong. Major assets held under the Target Group include the Properties, i.e. The Emperor Hotel, The Unit Serviced Apartments and MORI MORI Serviced Apartments.

The Emperor Hotel

It is a 29-storey hotel with a gross floor area of 115,728 square feet located in Wan Chai, Hong Kong. It offers 299 guest rooms together with leisure, dining and parking facilities. According to Hotels.com, the hotel is regarded as a 4-star hotel.

There are three restaurants in the hotel. Monkey Café and Golden Valley are directly operated by the hotel and The Crown is operating by another subsidiary of the Target Company.

The Unit Serviced Apartments

It is a 21-storey composite building with G/F to 1/F devoted to retail use whilst upper floors accommodate 68 serviced apartments in Happy Valley, Hong Kong.

MORI MORI Serviced Apartments

It is a 12-storey composite building with G/F to 2/F devoted to retail/office uses whilst upper floors accommodate 18 stylish serviced apartments with state-of the-art facilities and professional customer services.

9. VALUATION METHODOLOGY

There are three common approaches used to estimate the value of an asset, namely the cost approach, market approach, and income approach.

Cost Approach: this is a general way of determining a value indication of a business ownership interest by using one or more methods based on the value of the net asset. Value is established based on the principle of substitution. It means the value of a business ownership interest depends on the cost of reproducing or replacing the asset after considering depreciation from physical deterioration as well as functional and economic obsolescence, if present and measurable.

Market Approach: this is a general way of determining a value indication of a business ownership interest by using one or more methods that compare the subject to similar business ownership interests that have been sold. Value is established based on the principle of competition. It means if a business is similar to another business and can replace it for the other, then they should be equal in value.

Income Approach: this is a general way of determining a value indication of a business ownership interest by using one or more methods that convert anticipated benefits into a present value amount. Value is established based on the principle of anticipation. It means the value of a business ownership interest is the sum of the present value of future economic benefit streams.

9.1. Selection of Methodology

In any valuation, all three approaches should be considered, and the approach or approaches deemed most relevant will then be selected for use in the valuation.

As at the Valuation Date, the global economy had been seriously impacted by an unprecedented pandemic of COVID-19. Various industries including hospitality, traditional retail, food, and beverage had witnessed significant influence, while several industries whose business processes are carried out on the internet are less affected. At the time of this report, the impact of the pandemic remains and Hong Kong's economy has not yet recovered.

As a going concern entity, the value of its hospitality business depends primarily on the future economic benefits generated from the operation. However, as the result from the income approach depends on how reliable a projection is and it would not be easy to come up with a reliable projection for the hospitality business under the current situation, we decide not to apply the income approach as the valuation methodology.

The market approach should also be a good methodology for valuating an operating entity. In this case, majority of the value depends on the Properties. As the Properties have already been valued based on the market approach, the cost approach which based on net asset value on investment holding company level, should be able to reflect the value of the businesses.

Business enterprise value is a measure of a company's total value. Business enterprise value includes the market capitalization of a company, short-term and long-term debt.

$$\begin{aligned} \text{*Business Enterprise Value} &= \text{Total Assets} - \text{Operating Liabilities} \\ &\quad - \text{Non-Controlling Interests} - \text{Amount due to} \\ &\quad \text{non-controlling interest of a subsidiary} \end{aligned}$$

Note:* It is a business enterprise value with cash and cash equivalents without non-controlling interests and amount due to non-controlling interest of a subsidiary. For this valuation, the Business Enterprise Value has included the value of the Sale Loan as the Sale Loan has not been deducted from the total assets.

10. GENERAL ASSUMPTIONS

A number of general assumptions have to be established in order to sufficiently support our result. The general assumptions adopted in this valuation are:

- 1) The Target Group does not possess other assets or liabilities other than those shown on the provided consolidated management accounts as at the Valuation Date;
- 2) There will be no material change in the existing political, legal, fiscal, foreign trade and economic conditions in Hong Kong;
- 3) There will be no significant deviation in the industry trend and market condition from the current market expectation;
- 4) There will be no major change in the current taxation law and policies in Hong Kong;
- 5) All relevant legal approvals, business certificates, or licenses for the normal course of operation are formally obtained, remain in good standing, and can be procured with no additional costs or fees; and
- 6) The Target Group will retain competent management, key personnel, and technical staff to support their on-going business operations.

11. ADJUSTED NET ASSET VALUE

The adjusted net asset method assumes that the value of the assets and liabilities of the company provide an objective evidence for the value at which investors are willing to buy or sell the interest of the company.

The book value of the assets and liabilities should be adjusted to reflect their current Market Value. In order to calculate the business enterprise value, short-term and long-term debts would not be deducted from the total assets.

We have obtained the consolidated management accounts of the Target Group. As at the Valuation Date, the Target Group has the following assets and liabilities:

- Current assets: bank balances and cash, trade and other receivables, inventories and taxation recoverable, etc.
- Current liabilities: trade and other payables, taxation payable, amount due to non-controlling interests of a subsidiary and bank loans etc.

- Non-current assets: deposits paid for acquisition of investment properties/property, plant and equipment, investment properties and property, plant and equipment, including The Emperor Hotel, The Unit Serviced Apartments and MORI MORI Serviced Apartments

- Non-current liabilities: bank loans

Business Enterprise Value reflects the value of a business enterprise as a whole. It reflects the total value attributable to stakeholders who contribute capital to the business, i.e. equity holders and debt holders. Therefore, the Business Enterprise Value does not take the capital structure of a business into account. As a result, when estimating the Business Enterprise Value, debt-like instruments would not be deducted from the total assets of the company. Bank loans, the amounts due to fellow subsidiaries, and the amount due to non-controlling interests of a subsidiary are of similar nature to debts, except that bank loans are borrowings from external parties while the amounts due to fellow subsidiaries and the amount due to non-controlling interests of a subsidiary are borrowings from related companies or equity holders. Therefore, when estimating the Business Enterprise Value, neither bank loans, the amounts due to fellow subsidiaries, nor the amount due to non-controlling interests of a subsidiary are deducted from the total assets.

We assume the book value of the current assets reflects the Market Value as they are short-term in nature.

Current liabilities, such as trade payables and other payables, which are supporting the business operation but not regarded as sources of capital, would be deducted from the total assets to arrive at the Business Enterprise Value. We assume the book value of these operating current liabilities reflects the Market Value as they are short-term in nature.

In this case, we are not interested in the value contributed from the non-controlling interests, as such, non-controlling interests, and the amount due to non-controlling interests of a subsidiary are deducted to arrive at our final conclusion.

For the Properties, we have adjusted the book value based on the Property Valuation and estimated the corresponding deferred tax liabilities arisen due to the adjustments. For the rest of the non-current assets, we have relied on the book value.

For the non-current liabilities, as they are debts, they contribute to the business enterprise value and not necessarily to include them in our valuation.

The following table summarizes our calculation.

Table 1: Business Enterprise Value of the Target Group as at the Valuation Date

	Book Value <i>HKD'000</i>	Adjustment <i>HKD'000</i>	Market Value <i>HKD'000</i>
Bank balances and cash	36,297	–	36,297
Trade and other receivables	7,072	–	7,072
Inventories	601	–	601
Tax recoverable	218	–	218
Total current assets	44,188	–	44,188
Investment properties	515,000	–	515,000
Property, plant and equipment	1,523,457	5,775	1,529,232
Deposits paid for Investment Properties/Property, Plant and Equipment	8,577	–	8,577
Total non-current assets	2,047,034	5,775	2,052,809
Total assets	2,091,222	5,775	2,096,997
Less: trade and other payables	(12,272)	–	(12,272)
Less: tax payables	(8)	–	(8)
Less: deferred tax liabilities	–	(953)	(953)
Business Enterprise Value with non-controlling interests	2,078,942	4,822	2,083,764
Less: non-controlling interests	811	–	811
Less: amount due to non-controlling interests of a subsidiary	(2,090)	–	(2,090)
Business Enterprise Value	2,077,663	4,822	2,082,485

11.1. Valuation adjustment

In this case, we are evaluating the business enterprise value and the value is estimated based on adjusted net asset value. Value developed based on adjusted net asset value implies the asset holder could exercise its control over the assets. As such, there is not necessarily to apply additional valuation adjustment for controlling shareholder's privileges.

For a closely held private company, lack of marketability means that there is no readily available market for the asset holders to transact. As adjusted net asset value is developed based on the Market Values of individual assets and liabilities, which implied the marketability of the assets and liabilities should have been reflected. As a result, it is not necessarily to apply additional marketability discount.

12. LIMITING CONDITIONS

We have made no investigation of and assumed no responsibility for the title to or any liabilities against the Target Group.

The opinion expressed in this report has been based on the information supplied to us by the Parties and their staff, as well as from various institutes and government bureaus without verification. All information and advice related to this valuation are provided by the management. Readers of this report may perform due diligence themselves. We have exercised all due care in reviewing the supplied information. Although we have compared key data supplied to us with their expected values, the accuracy of the results and conclusions from the review relies on the accuracy of the supplied data. We have relied on this information and have no reason to believe that any material facts have been withheld, or that a more detailed analysis may reveal additional information. We do not accept responsibility for any error or omission in the supplied information and do not accept any consequential liability arising from commercial decisions or actions resulting from them.

This result reflects facts and conditions as they exist at the Valuation Date. Subsequent events have not been considered, and we have no obligation to update our report for such events and conditions.

13. CONCLUSION

Based on our analysis as described in this report, the Market Value of the business enterprise value of the Target Group, on a controlling non-marketable basis as at the Valuation Date was as below:

	<i>In HKD'000</i>
Business Enterprise Value	2,082,485

The opinion of value was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We hereby certify that we have neither present nor prospective interests in the subject under valuation. Moreover, we have neither personal interests nor biases with respect to the parties involved.

Yours faithfully,
For and on behalf of
FLAGSHIP APPRAISALS AND CONSULTING LIMITED

Ferry S.F. Choy
MSc. Fin, CFA, ICVS
Managing Director

EXHIBIT A – STATEMENT OF GENERAL SERVICES CONDITIONS

The service(s) provided by Flagship Appraisals and Consulting Limited will be performed in accordance with the professional valuation standard. Our compensation is not contingent in any way upon our conclusions of value. We assume, without independent verification, the accuracy of all data provided to us. We will act as an independent contractor and reserve the right to use subcontractors. All files, working papers or documents developed by us during the course of the engagement will be our property. We will retain this data for at least seven years after completion of the engagement.

Our report is to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. You may show our report in its entirety to those third parties who need to review the information contained herein. None should rely on our report as a substitute for their own due diligence or judgment. No reference to our name or our report, in whole or in part, may be made in any document you prepare and/or distribute to third parties without our written consent.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement. You will not be liable for our negligence. Your obligation for indemnification and reimbursement shall extend to any controlling person of Flagship Appraisals and Consulting Limited, including any director, officer, employee, subcontractor, affiliate, or agent. In the event we are subject to any liability in connection with this engagement, regardless of advanced legal theory, such liability will be limited to the amount of fees we received for this engagement.

We reserve the right to include your company name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process and proceedings. These conditions can only be modified by written documents executed by both parties.

EXHIBIT B – INVOLVED STAFF BIOGRAPHIES

Ferry S.F. Choy, MSc. Fin, CFA, ICVS
Managing Director

Mr. Choy is the Managing Director of Flagship Appraisals and Consulting Limited. Before taking up his current position, he had worked in the accounting and valuation profession for nearly 15 years, over 10 years of which were spent in the valuation profession. Throughout his career, Mr. Choy has served many listed companies domiciled in Hong Kong, China, Malaysia and Singapore. In his position as Director at Greater China Appraisals, Mr. Choy's experience included management advice, project evaluation, public listings, M&A and valuation of different assets.

Mr. Choy is a Charterholder of Chartered Financial Analyst (CFA) and an International Certified Valuation Specialist (ICVS) – a professional credential in business valuation issued by the International Association of Certified Valuation Specialists (IACVS). He served on the Continuous Education Committee of the IACVS Hong Kong Chapter for one year, providing business valuation training courses to its members. He also provides training courses to different professional bodies including HKICPA and CPA Australia.

Mr. Choy has acted as a valuation specialist in different transactions of listed companies including disclosable acquisitions and disposals. He has also acted as an Expert Witness and a Single and Joint Expert in a number of commercial and family law assignments involving business valuation and shareholder disputes.



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EA LICENCE: C-023750
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30 April 2021

Dear Sirs,

Re: (1) 373 Queen's Road East, Wan Chai, Hong Kong
(2) 46 and 48 Morrison Hill Road, Wan Chai, Hong Kong
(3) 17 Yik Yam Street, Happy Valley, Hong Kong
(collectively known as the "Properties")

We are jointly instructed by Emperor International Holdings Limited ("EIHL") and Emperor Entertainment Hotel Limited ("EEHL") to assess the Market Value of the Properties as at 31 January 2021 (the "Valuation Date") for the purposes of inclusion in the public circulars to be issued by EIHL and EEHL respectively in relation to the sale and purchase of the Properties.

The Properties are held by EIHL as at the Valuation Date for investment purpose and to be acquired by EEHL for investment purpose.

We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our assessment of such value as at the Valuation Date.

Basis of Valuation

Our valuation is our opinion of the respective Market Values of the Properties which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Moreover, Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation has been undertaken in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors (“**HKIS**”), which incorporates the International Valuation Standards, and (where applicable) the relevant HKIS or jurisdictional supplement. We have also complied with Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Identification and Status of the Valuer

The subject valuation exercise is handled by Mr. Freddie Ling and Mr. Eddie So. Mr. Freddie Ling is the Senior Director of Savills Valuation and Professional Services Limited (“**SVPSL**”) and a Member of HKIS with over 35 years’ experience in valuation of properties in Hong Kong. Mr. Eddie So is the Director of SVPSL and a Member of HKIS with over 26 years’ experience in valuation of properties in Hong Kong. Both of them have sufficient knowledge of the relevant market, skills and understanding to handle the subject valuation exercise competently.

Prior to your instructions for us to provide this valuation services in respect of the Properties, SVPSL had not been involved in valuation of the Properties in the past 12 months.

We are independent of EIHL and EEHL. We are not aware of any instances, which would give rise to potential conflict of interest from SVPSL or Mr. Freddie Ling or Mr. Eddie So in the subject exercise. We confirm SVPSL, Mr. Freddie Ling and Mr. Eddie So are in the position to provide objective and unbiased valuation for the Properties.

Valuation Methodology

In preparing our valuation of the Properties, we have principally adopted the sales comparison approach and made reference to sales of comparable properties as available in the market. In our valuation, we have considered the different attributes between the Properties and the comparables in terms of transaction time, location, view, and other relevant factors, and have made adjustments accordingly.

Title Investigations

We have not been provided with copies of title documents relating to the Properties, but we have caused searches of the Properties at the Land Registry. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. As advised by EIHL and EEHL and to the best of their knowledge, there are no significant investigations, notices, pending litigations, breaches of law or title defects against the Properties. In our valuation, we have assumed that the Properties have good legal titles and are freely transferable in the market. We do not accept a liability for any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

Valuation Consideration and Assumptions

We have relied to a very considerable extent on information given by EIHL and EEHL and have accepted information given to us on such matters as planning approvals or statutory notices, easements, tenure, lettings, statements, building plans, floor plans, floor areas and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided to us by EIHL and EEHL. We have been advised by EIHL and EEHL that no material facts have been omitted from the information provided.

We have not carried out on-site measurements to verify the correctness of the floor areas in respect of the Properties. Dimensions, measurements and areas included in this report are based on information contained in the documents provided to us and are therefore only approximations.

We have inspected the exterior of the Properties and where possible, we have also inspected the interior of the Properties. Our inspections were carried out by Mr. Martin Wong, MHKIS, MRICS on 10 March 2021. However, no structural surveys have been made, but during our inspection, we did not note any serious defects. We are not, however, able to report that the Properties are free of rot, infestation, or any other structural defect. No tests were carried out to any of the services. No environmental studies for the Properties have been made. In undertaking our valuation, we have assumed that the interiors of the Properties are finished and maintained in reasonable conditions commensurate with their ages and uses, and the Properties are in their original/approved layouts without any unauthorized structures, extensions, and alterations. We have also assumed in our valuation that the Properties are provided with normal and satisfactory building services for their existing uses as at the Valuation Date.

As advised by EIHL and EEHL and to the best of their knowledge, there were no plans for substantial construction, renovation, improvement, development or change of uses of the Properties as at the Valuation Date.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Except for the purpose of disclosure in the public circulars to be issued by EIHL and EEHL in connection with the sale and purchase of the Properties, neither the whole nor any part of the valuation report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it may appear.

We enclose herewith our summary of values and valuation report.

Yours faithfully

For and on behalf of

Savills Valuation and Professional Services Limited

Freddie Ling
MRICS MHKIS RPS(GP)
Senior Director

Eddie C K So
MRICS MHKIS RPS(GP)
Director

Note: Mr. Freddie Ling is a professional surveyor who has over 35 years' experience in valuation of properties in Hong Kong.

Mr. Eddie C K So is a professional surveyor who has over 26 years' experience in valuation of properties in Hong Kong.

SUMMARY OF VALUES

Property	Market value in existing state as at 31 January 2021
1. 373 Queen's Road East, Wan Chai, Hong Kong	HK\$1,500,000,000
2. 46 and 48 Morrison Hill Road, Wan Chai, Hong Kong	HK\$250,000,000
3. 17 Yik Yam Street, Happy Valley, Hong Kong	HK\$265,000,000
	<hr/>
Total:	HK\$2,015,000,000
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VALUATION REPORT

No.	Property Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
1.	373 Queen's Road East, Wan Chai, Hong Kong. The property is a 29-storey hotel building erected on a site with a registered site area of approximately 717 sq. m. (7,718 sq. ft.).	As advised, EIHL currently operates the property as a hotel under the trade name of "The Emperor Hotel".	HK\$1,500,000,000 (Hong Kong Dollars One Billion Five Hundred Million)
Inland Lot No. 8970.	The building is located in between Queen's Road East and Hau Tak Lane, near their junctions with Morrison Hill Road, in Wan Chai District. Wan Chai is a well-established commercial and residential area in Hong Kong. Developments in the vicinity of the building mainly comprise hotels and medical & healthcare facilities.	The average occupancy rate of the hotel from June to November 2020 is approximately 54%.	
	The building is completed in 2017. According to a set of building plans approved by the Building Authority, the building consists of back of house facilities and plant rooms on the Basement 2 Floor; car parking spaces and plant rooms on the Basement 1 Floor; car parking spaces and back of house facilities on the Lower Ground Floor; a hotel entrance lobby with a caretaker's and administration office, a cafe and plant rooms on the Ground Floor; a restaurant and plant rooms on the 1st Floor, a lounge and plant rooms on the 2nd Floor; guestrooms and back of house facilities on the 3rd to 24th Floors; and a lounge and plant rooms on the 25th Floor. The building provides a total of 299 guestrooms (including 7 suites), 10 private car parking spaces, a heavy good vehicle loading & unloading bay, 2 lay-bys for taxi/private car and a lay-by for coach/tour bus.	The 25th Floor of the property is subject to a lease for a term of 4 years commencing from 1 April 2019 to 31 March 2023 at a monthly basic rent of HK\$160,000. The monthly basic rent is reduced to HK\$64,000 for the period from 1 December 2020 to 28 February 2021.	

No. Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
	According to the building plans, the total gross floor area of the building is approximately 10,751.37 sq. m. (115,728 sq. ft.).		
	Inland Lot No. 8970 is held from the Government under Conditions of Sale No. 20142 for a term of 50 years commencing from 8 August 2011. The annual Government rent of the lot is 3% of the rateable value from time to time of the lot.		

Notes:

- (1) Pursuant to the recent land register records, the current registered owner of the Property is Motive Drive Limited which is a company indirectly wholly owned by EIHL.
- (2) The Property is subject to a Legal Charge/Mortgage dated 3 July 2018 in favor of The Bank of East Asia, Limited, and registered vide memorial no. 18072002820274.
- (3) The Property lies within an area zoned "Commercial" under Wong Nai Chung Outline Zoning Plan No. S/H7/21 gazetted on 4 December 2020.
- (4) In undertaking our valuation of the Property, we have considered sales of hotel properties in urban areas of Hong Kong Island and Kowloon Peninsula in the past one year and selected 3 sales as comparables taking into account of their transaction time, location and scale. Details of the comparables are tabulated below:-

Date	Hotel Name and Address	Consideration (HK\$ Million)	Gross Floor Area (sq. ft.)	Unit Rate (per sq. ft.)
Aug-2020	Le Petit Rosedale Hotel Hong Kong, 7 Moreton Terrace, Causeway Bay	460.00	31,157	HK\$14,764
Jul-2020	Queen's Hotel, 199 Queen's Road West, Sai Ying Pun	310.00	26,777	HK\$11,577
May-2020	H1 Hotel, 423 and 425 Reclamation Street, Mong Kok	260.00	17,497	HK\$14,860
			Average	HK\$13,734

- (5) The unit rates of the comparables range from HK\$11,577 to HK\$14,860 per sq. ft. In our valuation, we have considered the different attributes between the Property and the comparables in terms of transaction time, location, view, building age & condition, and scale, and have made adjustments accordingly.
- (6) In applying adjustments to the comparable, if a comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a unit rate of approximately HK\$13,000 per sq. ft. for the Property.
- (7) According to the Hong Kong Tourism Board, Wan Chai District has 10,709 hotel rooms which represent around 12% of the total hotel rooms in Hong Kong; and the average occupancy rate of the hotels in Wan Chai District from June to November 2020 is approximately 50%.

No. Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
2. 46 and 48 Morrison Hill Road, Wan Chai, Hong Kong.	The property is a 12-storey commercial and residential composite building erected on a site with a registered site area of approximately 235.41 sq. m. (2,534 sq. ft.).	Shop unit on the Ground Floor of 46 Morrison Hill Road is let under a tenancy for a term of 2 years	HK\$250,000,000 (Hong Kong Dollars Two Hundred and Fifty Million)
Inland Lot No. 8391.	The building is located at the south-western side of Morrison Hill Road, near the junction of Yat Sin Street and Lap Tak Lane, in Wan Chai District. Wan Chai is a well-established commercial and residential area in Hong Kong. Developments in the vicinity of the building mainly comprise commercial and residential composite buildings, office buildings and hotels.	commencing from 1 March 2019 at a monthly rent of HK\$106,920 and a subsequent tenancy for a term of 2 years commencing from 1 March 2021 at a monthly rent of HK\$80,190. Shop unit on the Ground Floor of 48 Morrison	
	The building is completed in 1977. According to EIHL, the building had been substantially refurbished in 2015.	Hill Road is let under a tenancy for a term of 2 years commencing from 1 May 2019 at a	
	According to a set of building plans approved by the Building Authority, the building consists of two shops on the Ground Floor, two office units on each of the 1st and 2nd Floors; and two residential units on each of the 3rd to 11th Floors.	monthly rent of HK\$82,000 for 1st year and a monthly rent of HK\$85,000 for 2nd year. All monthly rents of the shop units are	
	According to the building plans, the total gross floor area of the building is approximately 1,538.18 sq. m. (16,557 sq. ft.).	exclusive of rates, management fee and all other outgoings.	
		The office units on the 1st and 2nd Floor are occupied by EIHL.	

No. Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
	Inland Lot No. 8391 is held from the Government under Conditions of Sale No. 10819 for a term of 75 years commencing from 15 November 1975 and renewable for a further term of 75 years. The annual Government rent of the lot is HK\$100.	<p>The remaining portion of the property is currently operated as serviced apartments by EIHL under the trade name of “Mori Mori Serviced Apartments”. 3 out of the total 18 units are vacant whilst the remaining units are let under various tenancies with last expiring in December 2021 at a total monthly rent of approximately HK\$375,000 inclusive of rates, management fee and all other outgoings.</p> <p>The occupancy rate of the serviced apartments is approximately 83%.</p>	

Notes:

- (1) Pursuant to the recent land register records, the current registered owner of the Property is Mori Investments Limited which is a company indirectly wholly owned by EIHL.
- (2) The Property is subject to the following encumbrances:–
 - i. Deed of Mutual Covenant dated 1 November 1977, and registered vide memorial no. UB1623223;
 - ii. Mortgage dated 28 March 2013 in favour of The Hongkong and Shanghai Banking Corporation Limited, and registered vide memorial no. 13042200230052; and
 - iii. Assignment of Rental dated 28 March 2013 in favour of The Hongkong and Shanghai Banking Corporation Limited, and registered vide memorial no. 13042200230062.

- (3) The Property lies within an area zoned “Residential (Group A)” under Wan Chai Outline Zoning Plan No. S/H5/28 gazetted on 4 May 2018.
- (4) In undertaking our valuation of the Property, we have selected and adopted the recent sales of similar commercial properties and residential properties in the vicinity of the Property as comparables.
- (5) We have considered sales of commercial properties in Wan Chai District in the past two years and selected 5 sales with similar trading potential and size to the commercial portion of the Property as commercial comparables. Details of the commercial comparables are tabulated below:-

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Jan-2021	Shop A and Shop B on Ground Floor, Man Shek Building, 404-406 Jaffe Road	38.0	1,129	HK\$33,658
Aug-2020	Shops 6 and 7 on Ground Floor, Dandenong Mansion, 379-389 Jaffe Road	29.0	880	HK\$32,955
Jul-2020	Shop E on Ground Floor, Lucky Plaza, 315-321 Lockhart Road	17.5	348	HK\$50,287
Mar-2020	Shop A on Ground Floor, Fuji Building, 381-383 Lockhart Road	30.0	647	HK\$46,368
Jul-2019	Ground Floor, 17 Morrison Hill Road	19.0	533	HK\$35,647
			Average	HK\$39,783

- (6) The saleable unit rates of the commercial comparables range from HK\$32,955 to HK\$50,287 per sq. ft. In our valuation, we have considered the different attributes between the commercial portion of the Property and the commercial comparables in terms of transaction time, location, building age, size, frontage, layout, and headroom, and have made adjustments accordingly.
- (7) In applying adjustments to the commercial comparable, if a commercial comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that commercial comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a saleable unit rate of approximately HK\$36,000 per sq. ft. for the shops on the Ground Floor of the Property.

- (8) We have considered sales of residential properties in Wan Chai District in the past one year and selected 8 sales with similar locality, size, age and condition to the residential portion of the Property as residential comparables. Details of the residential comparables are tabulated below:-

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Jan-2021	13/F, Galway Court 9 Cross Street	5.80	311	HK\$18,650
Dec-2020	Flat A, 20/F, Sam Yuen Mansion 204-210 Lockhart Road	6.00	389	HK\$15,424
Dec-2020	Flat A, 20/F, Mei Fai Mansion 110-116 Jaffe Road	6.68	427	HK\$15,644
Dec-2020	Flat A, 15/F, Tai Wo Mansion 2-8 Tai Wo Street	5.90	388	HK\$15,206
Oct-2020	Flat A, 5/F, Eastman Court, 229-233 Hennessy Road	4.60	309	HK\$14,887
Oct-2020	Flat B, 7/F, Eastman Court, 229-233 Hennessy Road	5.12	309	HK\$16,570
Sep-2020	Flat B, 11/F, Eastman Court, 229-233 Hennessy Road	5.00	309	HK\$16,181
Aug-2020	Flat A, 7/F, Eastman Court, 229-233 Hennessy Road	5.15	309	HK\$16,667
			Average	HK\$16,154

- (9) The saleable unit rates of the residential comparables range from HK\$14,887 to HK\$18,650 per sq. ft. In our valuation, we have considered the different attributes between the residential portion of the Property and the residential comparables in terms of transaction time, location, building age, size, floor, view, internal condition, lighting & ventilation, and facilities, and have made adjustments accordingly.
- (10) In applying adjustments to the residential comparable, if a residential comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that residential comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a saleable unit rate of approximately HK\$16,900 per sq. ft. for the residential portion of the Property.
- (11) According to Savills Research & Consultancy, Wan Chai District has 2,127 serviced apartment units which represent around 10% of the total serviced apartment units in Hong Kong. The occupancy rate of the serviced apartment units in Wan Chai District is approximately 60% at the end of 2020.

No. Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
3. 17 Yik Yam Street, Happy Valley, Hong Kong.	The property is a 21-storey commercial and residential composite building erected on a site with a registered site area of approximately 187.5 sq. m. (2,018 sq. ft.).	Shop unit on the Ground Floor of the property is let under a tenancy for a term of 3 years commencing from	HK\$265,000,000 (Hong Kong Dollars Two Hundred and Sixty Five Million)
Section A of Inland Lot No. 3089 and Inland Lot No. 3352.	The building is located at the south-eastern side of Yik Yam Street in an area known as Happy Valley. Happy Valley is a traditional middle class residential area in Hong Kong. Developments in the vicinity of the building mainly comprise residential buildings with shops on the ground floor.	15 November 2018 at a monthly rent of HK\$40,000 inclusive of management fee but exclusive of rates and all other outgoings.	
	The building is completed in 2017. According to a set of building plans approved by the Building Authority, the building consists of shop units on the Ground and 1st Floors; a clubhouse and plant rooms on the 2nd Floor; 4 residential units on each of the 3rd to 16th Floors; and 3 residential flats on each of the 17th to 20th Floors.	Shop unit on the 1st Floor of the property is let under a tenancy for a term of 3 years commencing from 1 June 2019 at a monthly rent of HK\$35,000 inclusive of management fee but exclusive of rates and all other outgoings.	

No. Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 January 2021
	According to the building plans, the total gross floor area of the building is approximately 1,595.695 sq. m. (17,179 sq. ft.).	The remaining portion of the property is currently operated as serviced apartments by EIHL under the trade name of "The Unit Serviced Apartments". 6 out of the total 68 units are vacant whilst the remaining units are let under various tenancies with last expiring in December 2021 at a total monthly rent of approximately HK\$632,000 inclusive of rates, management fee and all other outgoings.	
	Inland Lot No. 3089 is held under a Government Lease for a term of 75 years commencing from 15 September 1930 and renewed for a further term of 75 years.		
	Inland Lot No. 3352 is held under a Government Lease for a term of 75 years commencing from 29 February 1932 and renewed for a further term of 75 years.		
	The annual Government rent of the property is HK\$195,014.	The occupancy rate of the serviced apartments is approximately 91%.	

Notes:

- (1) Pursuant to the recent land register records, the current registered owner of the Property is Parkmost Limited which is a company indirectly wholly owned by EIHL.
- (2) The Property is subject an Offensive Trade Licence from District Lands Officer, Hong Kong East dated 22 June 2016, and registered vide memorial no. 16070801570022.
- (3) The Property lies within an area zoned "Residential (Group A)" under Wong Nai Chung Outline Zoning Plan No. S/H7/21 gazetted on 4 December 2020.
- (4) In undertaking our valuation of the Property, we have selected and adopted the recent sales of similar commercial properties and residential properties in the vicinity of the Property as comparables.

- (5) We have considered sales of commercial properties in Happy Valley District in the past three years and selected 2 sales with similar trading potential and size to the commercial portion of the Property as commercial comparables. Details of the commercial comparables are tabulated below:-

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Dec-2020	Unit 2 on Ground Floor, Green Valley Mansion, 51 Wong Nai Chung Road	39.0	883	HK\$44,168
Aug-2018	Shop A on Ground Floor, Broadview Mansion, 75B Wong Nai Chung Road	15.0	320	HK\$46,875
			Average	HK\$45,522

- (6) The saleable unit rates of the commercial comparables range from HK\$44,168 to HK\$46,875 per sq. ft. In our valuation, we have considered the different attributes between the commercial portion of the Property and the commercial comparables in terms of transaction time, location, building age, size, frontage, layout, and headroom, and have made adjustments accordingly.

- (7) In applying adjustments to the commercial comparable, if a commercial comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that commercial comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a saleable unit rate of approximately HK\$41,800 per sq. ft. for the shop on the Ground Floor of the Property.

- (8) We have considered sales of residential properties in Happy Valley District in the past one year and selected 11 sales with similar locality, size, age and condition to the residential portion of the Property as residential comparables. Details of the residential comparables are tabulated below:-

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Jan-2021	Flat A, 12/F, Fortuna Court, 1 Wong Nai Chung Road	10.000	468	HK\$21,357
Jan-2021	Flat E, 3/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	11.543	398	HK\$29,003
Jan-2021	Flat F, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.238	428	HK\$30,930
Dec-2020	Flat B, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.345	402	HK\$33,197

Date	Comparable	Consideration (HK\$ Million)	Saleable Area (sq. ft.)	Unit Rate (per sq. ft.)
Dec-2020	Flat A, 8/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.293	411	HK\$32,343
Nov-2020	Flat F, 10/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	13.584	428	HK\$31,738
Nov-2020	Flat F, 5/F, Eight Kwai Fong Happy Valley, 8 Kwai Fong Street	12.060	428	HK\$28,178
Nov-2020	Flat A, 19/F, Le Village, 49 Village Road	8.000	379	HK\$21,108
Nov-2020	Flat B, 17/F, Le Village, 49 Village Road	7.050	294	HK\$23,980
Jul-2020	Flat B, 28/F, The Gracedale, 23 Yuk Sau Street	9.060	392	HK\$23,112
Jun-2020	Flat A, 6/F, Fortuna Court, 1 Wong Nai Chung Road	11.500	468	HK\$24,573
			Average	HK\$27,229

- (9) The saleable unit rates of the residential comparables range from HK\$21,108 to HK\$33,197 per sq. ft. In our valuation, we have considered the different attributes between the residential portion of the Property and the residential comparables in terms of transaction time, location, building age, size, floor, view, internal condition, and facilities, and have made adjustments accordingly.
- (10) In applying adjustments to the residential comparable, if a residential comparable is superior to the Property in term of the abovementioned attributes, a downward adjustment would be made to adjust down the unit rate of that residential comparable, and vice versa. The average adjusted unit rates of the comparables arrive at a saleable unit rate of approximately HK\$27,100 per sq. ft. for the residential portion of the Property.
- (11) According to Savills Research & Consultancy, Happy Valley District has 606 serviced apartment units which represent around 3% of the total serviced apartment units in Hong Kong. The occupancy rate of the serviced apartment units in Happy Valley District is approximately 63% at the end of 2020.

A. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the years ended 31 March 2018, 31 March 2019 and 31 March 2020 and for the six months ended 30 September 2020 are disclosed in the following documents which have been published on the website of the Stock Exchange at <https://www.hkexnews.hk>, and the website of the Company at <https://www.emperorint.com>:

Annual report of the Company for the year ended 31 March 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0709/ltm20180709417.pdf>

Annual report of the Company for the year ended 31 March 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0702/ltm201907022452.pdf>

Annual report of the Company for the year ended 31 March 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0710/2020071000511.pdf>

Interim report of the Company for the six months ended 30 September 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1210/2020121000409.pdf>

B. INDEBTEDNESS

At the close of business on 15 March 2021 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group had an aggregate outstanding indebtedness amounting to approximately HK\$27,576.2 million, which consists of:

Bank borrowings

As at 15 March 2021, the Group had the unguaranteed secured bank borrowings of approximately HK\$16,001.1 million, which are secured by certain properties and bank deposits of the Group and unsecured, unguaranteed bank borrowings at approximately HK\$5,600.0 million.

Other borrowings

As at 15 March 2021, the Group had:

- (i) Unsecured, unguaranteed, borrowings from related companies, being wholly-owned subsidiaries of the private discretionary trust as set up by Dr. Albert Yeung, of approximately HK\$183.9 million

- (ii) Unsecured, unguaranteed borrowings from non-controlling interests of subsidiaries of approximately HK\$41.1 million; and
- (iii) The principal amount of unsecured, unguaranteed notes totalling HK\$5,709.8 million.

Lease liabilities

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 15 March 2021, the Group had lease liabilities amounting to approximately HK\$40.3 million.

Guarantees

At the close of business on 15 March 2021, the Group had given corporate guarantee of HK\$932.0 million to a bank in respect of bank facilities granted to a joint venture of which HK\$932.0 million had been utilised.

Disclaimer

Save for the aforesaid and apart from intra-group liabilities, at the close of business on 15 March 2021, the Group did not have any debt securities issued and outstanding, or any other borrowings or indebtedness including bank overdrafts and liabilities under acceptances (other than normal trade payables) or acceptance credits or hire purchases commitments, or any other borrowings subject to mortgages or charges, or any other material contingent liabilities or guarantees.

C. WORKING CAPITAL

After taking into account the present internal financial resources available to the Group, including cash and bank balances as well as the available banking facilities, the Directors are of the opinion that the working capital available to the Group is sufficient for the Group's requirement for at least 12 months from the date of this circular.

D. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Company for the six months ended 30 September 2020, the Directors were not aware of any circumstances or events that may give rise to a material adverse change in the financial or trading position of the Group since 31 March 2020, being the date to which the latest audited consolidated financial statements of the Group were made up.

E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The geopolitical situation and the development of the COVID-19 pandemic (the “**Pandemic**”) are amongst the major factors determining the potential for global economy recovery. The US-China trade dispute remains in question, while Pandemic containment measures are expected to remain in place for the near term, which will continue restraining worldwide business and trade activities. The outlook for the global economy will remain gloomy, and market instability will linger.

Domestically, there are record high vacancy rates of retail shops and office spaces. More surrender of space is expected, as brands and corporations have immediate needs to save on overheads. Leasing demand, especially within the core shopping and central business districts, will remain weak. The Group will closely monitor the market situation, and adjust company strategies accordingly. The Group will continue to look out for commercial buildings with redevelopment value and undertake urban renewal projects in suitable districts, with an aim of maintaining a more balanced investment property portfolio.

The government and banking sector have already adopted a number of measures to support corporations and individuals with relieving cash flow pressure, in an effort to help Hong Kong’s economy get through difficult times. Given the limited land supply and underlying demand for the residential units, and a low interest rate environment which will provide considerable support to the local property market, the Group remains cautiously optimistic about the industry outlook in the long term. The Group has a solid pipeline in development properties for the coming few years, and will launch the projects depending on the market situation. With its solid financials, the Group is well positioned to seize the opportunities when the market revives, and will strive to generate stable return for its shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the following Directors and chief executives of the Company were interested, or were deemed or taken to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to (a) be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“**Model Code**”) to be notified to the Company and the Stock Exchange:

(a) Long positions interests in the Company

(i) Ordinary shares of HK\$0.01 each of the Company (“Shares”)

Name of Director	Capacity/Nature of Interests	Number of issued Shares interested	% of issued voting shares
Ms. Luk Siu Man, Semon (“ Ms. Semon Luk ”)	Interest of spouse	2,747,610,489 (Note)	74.71%
Mr. Yeung Ching Loong, Alexander (“ Mr. Alex Yeung ”)	Eligible beneficiary of a private discretionary trust	2,747,610,489 (Note)	74.71%
Ms. Fan Man Seung, Vanessa (“ Ms. Vanessa Fan ”)	Beneficial owner	10,500,000	0.29%

Note: These Shares were held by Emperor International Group Holdings Limited (“**Emperor International Group Holdings**”), a wholly-owned subsidiary of AY Holdings. AY Holdings is held by First Trust Services GmbH (“**First Trust**”) in trust for a private discretionary trust set up by Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung as founder of the private discretionary trust, Ms. Semon Luk had deemed interests in the same Shares whereas Mr. Alex Yeung also had deemed interests in the same Shares by virtue of being one of the eligible beneficiaries of such private discretionary trust.

(ii) Debentures

Name of Director	Capacity/Nature of Interests	Amount of debentures held
Mr. Wong Chi Fai	Interest in a controlled corporation	HK\$2,000,000

(b) Long position interests in ordinary shares of associated corporations of the Company*Ordinary shares*

Name of Director	Name of associated corporation	Capacity/ Nature of Interests	Number of ordinary shares interested	% of issued voting shares
Ms. Semon Luk	Emperor E Hotel	Interest of spouse	851,352,845	71.01%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	– ditto –	4,290,850,000	63.29%
	Emperor Culture Group Limited ("Emperor Culture")	– ditto –	2,371,313,094	73.80%
	Ulferts International Limited ("Ulferts")	– ditto –	600,000,000	75.00%
Mr. Alex Yeung	Emperor E Hotel	Eligible beneficiary of a private discretionary trust	851,352,845	71.01%
	Emperor W&J	– ditto –	4,290,850,000	63.29%
	Emperor Culture	– ditto –	2,371,313,094	73.80%
	Ulferts	– ditto –	600,000,000	75.00%

Note: These shares were ultimately owned by the respective discretionary trusts which are also founded by Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk had deemed interests in the same shares whereas Mr. Alex Yeung also had deemed interests in the same shares by virtue of being one of the eligible beneficiaries of such private dictionary trusts.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any option in respect of such securities:

Name	Capacity/Nature of Interests	Number of Shares interested	% of issued voting shares
AY Holdings	Interest in a controlled corporation	2,747,610,489 (L)	74.71%
First Trust	Trustee of the private discretionary trust	2,747,610,489 (L)	74.71%
Dr. Albert Yeung	Founder of the private discretionary trust	2,747,610,489 (L)	74.71%

(L) = Long Position

Note: These Shares were the same shares as those set out under Section 2(a)(i) of "DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES" above.

Save as disclosed above, as at the Latest Practicable Date, so far is known to the Directors or chief executives of the Company, no other person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any option in respect of such securities.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

5. COMPETING INTERESTS

As at the Latest Practicable Date, the interests of Directors or their respective close associates in the businesses which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Directors	Name of competing company	Nature of interests	Nature of competing business
Ms. Semon Luk and her close associates	Certain companies indirectly owned by a private discretionary trust which was set up by Dr. Albert Yeung	Substantial shareholder	Property investment/development
Mr. Alex Yeung	– ditto –	An eligible beneficiary of a private discretionary trust	– ditto –
Mr. Cheung Ping Keung	– ditto –	Director	– ditto –
Ms. Vanessa Fan	Bacchus International Limited and its subsidiary	Director and shareholder	Property investment
Mr. Wong Chi Fai and his close associate	Wintex Services Limited	Director and substantial shareholder	Property investment

No non-competition undertaking was given by the above Directors. The properties held by the Group are mainly focus on commercial buildings and quality street-level retail spaces in prominent locations while those competing companies are mainly focused on residential properties. The Board exercises independent judgment and is always acting in the interests of the Company and the Shareholders as a whole. Accordingly, the Group is capable of carrying on its business independently of, and at arm's length from, the competing businesses mentioned above.

Saved as disclosed above, so far as is known to the Directors or chief executive of the Company, as at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, save for the SP Agreement, the agreements listed below and the Sale and Purchase Agreement under item 7 below in which Ms. Semon Luk and Mr. Alex Yeung who have deemed interest, there was no other contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

- (a) The master agreement dated 29 July 2020 entered into between the Company and Ulferts in relation to the provision of goods and consultancy services thereunder.
- (b) The master leasing agreement dated 3 December 2020 entered into between the Company and Emperor W&J in relation to the tenancy transactions thereunder;
- (c) The master leasing agreement dated 3 December 2020 entered into between the Company and Emperor Capital Group Limited in relation to the tenancy transactions thereunder;
- (d) The master leasing agreement dated 3 December 2020 entered into between the Company and Emperor Culture in relation to the tenancy transactions thereunder;
- (e) The master leasing agreement dated 3 December 2020 entered into between the Company and Ulferts in relation to the tenancy transactions thereunder;
- (f) The master leasing agreement dated 3 December 2020 entered into between the Company and (1) New Media Group Investment Limited; (2) Albert Yeung Entertainment Holdings Limited; (3) Albert Yeung Financial Holdings Limited; (4) Albert Yeung Investments Holdings Limited; and (5) Albert Yeung Management Company Limited in relation to the tenancy transactions thereunder; and
- (g) The master leasing agreement dated 3 December 2020 entered into between Emperor E Hotel and Emperor W&J in relation to the tenancy transactions thereunder.

7. DIRECTORS' INTERESTS IN ASSETS

On 27 November 2020, Emperor Property Investment Limited (“**Emperor Property Investment**”), a directly wholly-owned subsidiary of the Company entered into a sale and purchase agreement with New Global Developments Limited (“**New Global Developments**”), which is indirectly controlled by a private discretionary trust as set up by Dr. Albert Yeung, pursuant to which Emperor Property Investment conditionally agreed to sell and New Global Developments conditionally agreed to acquire (a) the entire equity interest of Oriental Peak Limited (“**Oriental Peak**”), an indirect wholly-owned subsidiary of the Company which holds certain properties located at (i) Upton, No. 180 Connaught Road West, Hong Kong; (ii) The Prince Place, No.398 Prince Edward Road West, Kowloon; (iii) The Java, No. 98 Java Road, Hong Kong; (iv) 18 Upper East, No. 18 Shing On Street, Hong Kong; (v) Castle Peak Road, Yuen Long, New Territories, Hong Kong; and (vi) Hong Kong Industrial Building, Nos.444-452 Des Voeux Road West, Hong Kong, and (b) the entire amount of the loan due and payable by Oriental Peak to Emperor Property Investment as at completion of the disposal at the consideration of approximately HK\$888 million (subject to adjustments), subject to the terms and conditions set out in the said agreement (the “**Disposal**”). Details of the Disposal are contained in the Company’s circular dated 24 December 2020 and the Disposal was completed on 8 February 2021. Ms. Semon Luk, the Chairperson and a non-executive Director, and Mr. Alex Yeung, an executive Director, were deemed to be interested in such disposed assets by virtue of being an associate of the eligible beneficiaries of the private discretionary trust that control the Purchaser and being one of the eligible beneficiaries of such trust respectively.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2020 (being the date to which the latest published audited accounts of the Company were made up).

8. LITIGATION

As at the Latest Practical Date, a subsidiary of the Group is being sued by several former tenants from the same group in respect of damages and paid rental during the tenure of the leases in PRC. The amount involved was approximately HK\$112.3 million.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

During the two years immediately preceding the date of this circular up to and including the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by the Group and are or may be material:

1. The sale and purchase agreement under item 7 above; and
2. The SP Agreement.

10. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
Flagship Appraisals and Consulting Limited	Independent qualified valuer
Savills Valuation and Professional Services Limited	Independent qualified valuer

As at the Latest Practicable Date, each of above experts:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or report (as the case may be) and references to its names, in the form and context in which they respectively appear;
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group; or
- (c) did not have any interest, either directly or indirectly, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 March 2020), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during 9:00 a.m. to 5:00 p.m. on any weekday (except for Saturdays and public holidays) at 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong from the date of the circular and up to and including the date of the SGM:

- (a) the SP Agreement;
- (b) the Memorandum of Association and Bye-Laws of the Company;
- (c) the annual reports of the Company for the years ended 31 March 2018, 31 March 2019, 31 March 2020 and the interim report of the Company for the six months ended 30 September 2020;
- (d) the written consents referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (e) the material contracts referred under the section headed “Material Contracts” in this Appendix.
- (f) the business valuation report as set out in Appendix I(A) of this circular;
- (g) the property valuation report as set out in Appendix I(B) of this circular;
- (h) the circular dated 24 December 2020 in relation to the disposal of entire equity interest in Oriental Peak Limited;
- (i) the circular dated 24 December 2020 in relation to 2020 Master Leasing Agreement; and
- (j) this circular.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Ms. Liu Chui Ying, who is a fellow member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited.
- (c) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Emperor International Holdings Limited (the “**Company**”) will be held at 2nd Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong on Monday, 24 May 2021 at 11:00 a.m., for the purpose of considering and, if think fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the sale and purchase agreement dated 16 March 2021 between (1) Emperor Hotel Group Limited (a subsidiary of the Company) as vendor and (2) Emperor Hotel Investment Limited (a subsidiary of Emperor Entertainment Hotel Limited) as purchaser, for the sale and purchase of (a) the entire equity interest of Poly Keen International Limited and (b) all loan, interest and all other sums owing by Poly Keen International Limited to Emperor Hotel Group Limited as at the completion of the aforesaid agreement (a copy of which was tabled at the meeting marked “A” and signed by the Chairperson of the meeting for the purpose of identification) (the “**Sale and Purchase Agreement**”), and the transaction contemplated thereunder be and are hereby ratified, confirmed and approved; and
- (b) any one or more directors of the Company be and is hereby authorised to do all such acts and things which the director(s) may consider necessary, desirable or expedient to implement the transaction contemplated under the Sale and Purchase Agreement (with any amendments to the terms of such agreement which are not inconsistent with the purpose thereof as may be approved by the directors of the Company).

By order of the board
Emperor International Holdings Limited
Liu Chui Ying
Company Secretary

Hong Kong, 30 April 2021

* *for identification purpose only*

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

28th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

Notes:

- (i) Unless indicated otherwise, capitalized terms used in this Notice shall have the same meanings as those defined in the circular of the Company dated 30 April 2021.
- (ii) Considering the outbreak of COVID-19, certain measures will be implemented at the special general meeting (“**SGM**”) with a view to addressing the risk to attendees of infection, including, without limitation (i) all attendees being required to (a) undergo compulsory body temperature check; (b) submit compulsorily health declaration form; and (c) wear surgical face masks prior to admission to the SGM venue (no mask will be provided at the SGM venue) and throughout the SGM; (ii) no corporate gifts being distributed; (iii) no refreshments or drinks being provided; and (iv) all attendees will be assigned designated seat at the SGM venue in order to ensure approximate social distancing and facilitate contact tracing. The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances.

The Company will keep the evolving COVID-19 situation under review and may change measures, where appropriate. Shareholders should check the website of the Company (<https://www.emperorint.com>) for future announcements and updates on the SGM arrangements.

- (iii) Pursuant to Rule 13.39(4) of the Listing Rules, the resolution set out in this Notice will be decided by poll at the SGM. Where the Chairperson in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted, such resolution will be decided by show of hands.
- (iv) A member of the Company entitled to attend and vote at the meeting convened by this Notice is entitled to appoint one or more proxies (if he/she is a holder of more than one share) to attend and vote in his/her stead. A proxy needs not be a member of the Company.
- (v) In order to be valid, the form of proxy must be in writing under the hand of the appointor or his/her attorney duly authorized in writing, or if the appointor is a corporation, either under its common seal, or under the hand of an officer or attorney duly authorized on that behalf, and must be deposited at the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong (“**Branch Share Registrar**”) together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney, not less than 48 hours before the time for holding the SGM or adjourned meeting.

NOTICE OF SPECIAL GENERAL MEETING

- (vi) Where there are joint holders of any share, any one of such joint holder may vote, either in person or by proxy in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the SGM, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding of such share.
- (vii) Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting.
- (viii) In order to qualify for the right to attend and vote at the SGM, all relevant share certificates and properly completed transfer forms must be lodged for registration with the Branch Share Registrar before 4:30 p.m. on Monday, 17 May 2021.
- (ix) The translation into Chinese language of this Notice is for reference only. In case of any inconsistency, the English version shall prevail.

This Circular (in both English and Chinese versions) is available to any Shareholder either in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.emperorint.com>). In order to protect the environment, the Company highly recommends Shareholders to elect to receive electronic copy of this Circular. Shareholders may have the right to change their choice of receipt of all future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.