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英皇證券集團有限公司*
Emperor Capital Group Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 717)

CONTINUING CONNECTED TRANSACTION
THE MASTER LEASING AGREEMENT

The Board announces that on 24 May 2018, the Company and Emperor International entered into the Master Leasing Agreement which set out a framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group. The Master Leasing Agreement shall commence on 24 May 2018 and expire on 31 March 2021.

As at the date of this announcement, the Company and Emperor International are both indirectly controlled by the AY Trust. As such, under Chapter 14A of the Listing Rules, Emperor International is a connected person of the Company and accordingly, the Master Leasing Agreement constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Tenancy Annual Cap of the Company are more than 0.1% but less than 5%, the Master Leasing Agreement and the Tenancy Annual Cap are subject to the announcement, reporting and annual review requirements but exempt from Shareholders' approval under Chapter 14A of the Listing Rules.

The Board announced that on 24 May 2018, the Company and Emperor International entered into the Master Leasing Agreement which set out the framework terms governing the Tenancy Transactions between the Group and Emperor International Group.

The principal terms of the Master Leasing Agreement are set out below:

THE MASTER LEASING AGREEMENT

Background

The Group has from time to time entered into Tenancy Transactions for leasing certain office properties or other properties (including signage or signboard space) from Emperor International

**for identification purpose only*

Group. By entering into the Master Leasing Agreement, the Group shall continue to lease the properties from Emperor International Group subject to the terms of the Master Leasing Agreement and the terms and rental specified in each Definitive Leasing Agreement which will be entered into from time to time.

Date

24 May 2018

Parties

- (1) the Company; and
- (2) Emperor International.

Term

Subject to the conditions set out in the Master Leasing Agreement, the Master Leasing Agreement shall commence on 24 May 2018 and expire on 31 March 2021 or such other date (subject to a maximum period of 3 years) as agreed by the Company and Emperor International.

General terms of the Master Leasing Agreement

Relevant members of the Group and the relevant members of Emperor International Group may from time to time enter into Definitive Leasing Agreement(s) in relation to any Tenancy Transaction upon, and subject to, the terms and conditions in compliance with the Master Leasing Agreement. Each of the Definitive Leasing Agreements shall set out the terms of tenancy, including the parties, detailed description of the properties, usage, duration, rental and specific terms such as rent free period, early termination, deposits, fees and charges.

The Master Leasing Agreement provides that:

- (a) the Tenancy Transactions shall be conducted in the usual and ordinary course of business of the Group and Emperor International Group;
- (b) the terms of each Definitive Leasing Agreements shall be on normal commercial terms or on terms which are no less favourable available to the Group than terms offered by independent third parties;
- (c) the terms and rental shall be subject to arm's length negotiation and determined based on the condition of the properties and with reference to the then prevailing market rents on property(ies) comparable in location, area and permitted use;
- (d) the Tenancy Transactions shall be in compliance with all applicable provisions of the Listing Rules, the applicable laws, the Master Leasing Agreement and the relevant Definitive Leasing Agreements; and
- (e) the Group has the option to consider third party landlords and premises other than the properties of Emperor International Group.

Conditions

The Master Leasing Agreement is conditional upon:

- (1) the approval by the independent shareholders of Emperor International on the Master Leasing Agreement and its relevant annual cap; and
- (2) the approval by the Board of the Master Leasing Agreement and the Tenancy Annual Cap.

If the conditions precedents of the Master Leasing Agreement set out in the above paragraph are not satisfied within 6 months of the date of the Master Leasing Agreement, it shall cease to be of any effect and the Tenancy Annual Cap shall lapse.

Historical transaction amounts

Set out below are the historical amounts of the Tenancy Transactions between the Group and Emperor International Group:

	For the year ended 30 September		
	2015	2016	2017
	HK\$	HK\$	HK\$
Historical Tenancy Transaction amounts	5,349,000	5,206,000	5,432,000

The Proposed Tenancy Annual Cap

Set out below are the proposed Tenancy Annual Cap for the Master Leasing Agreement:

	For the years ending 30 September			For the 6 months ending 31 March
	2018	2019	2020	2021
	HK\$	HK\$	HK\$	HK\$
Tenancy Annual Cap	18,000,000	18,000,000	18,000,000	9,000,000

The Tenancy Annual Cap aggregates all Tenancy Transactions entered / to be entered with Emperor International Group regardless of their location and usage and has been determined after taking into account:

- (i) the historical transaction amounts of rental, management fee (if any) and charges paid by the Group to Emperor International Group under all Tenancy Transactions;
- (ii) the number of existing Tenancy Transactions:

As at the date of this announcement, members of the Group are leasing properties from Emperor International Group in the following areas in Hong Kong and the PRC:

Address

Emperor Group Centre, No. 288 Hennessy Road, Wanchai, Hong Kong

No.5 Canal Road East, Causeway Bay, Hong Kong

Emperor Group Centre, D12 Jianwai Dajie, Chaoyang District, Beijing, PRC

There are 7 existing tenancy / lease / licence agreements entered into between members of the Group and relevant members of Emperor International Group regarding the above leased properties. The earliest expiry date of the leases will be in October 2018 and the latest one will be in August 2022. The monthly rental (excluding management fees and charges) ranges from HK\$10,000 to HK\$373,000 and the size of properties ranges from an outdoor signage space to office premises of 9,323 sq. ft. gross floor area. The duration of the leases are usually 2 to 3 years with exception of office complex in Emperor Group Centre located in Beijing with market practices of 5 years lease terms;

- (iii) assuming all the above tenancies may be renewed upon expiry and there may be an increase in rental comparable to the market rate;
- (iv) the business development and expansion of the Group and the possibility of entering into new Tenancy Transactions with Emperor International Group under the Master Leasing Agreement in the forthcoming years;
- (v) the location and usage of the properties of the existing portfolio of Emperor International Group and potential acquisition of properties by Emperor International Group which can be available for leasing to the members of the Group in the future; and
- (vi) the prevailing market rents of the properties as compared with similar properties in the vicinity.

Termination of the current annual caps

Subject to the conditions of the Master Leasing Agreement having been fulfilled, the Tenancy Annual Cap shall replace all the current annual caps obtained by the Company for the Tenancy Transactions entered by the Group and Emperor International Group before the date of fulfillment of the conditions of the Master Leasing Agreement.

REASONS FOR AND BENEFITS OF THE MASTER LEASING AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of financial services in Hong Kong, including (i) commercial and personal lending as well as margin and initial public offering financing; (ii) brokerage, wealth management and asset management; (iii) placing and underwriting services for listed issuers; and (iv) corporate finance advisory services.

The Master Leasing Agreement sets out a framework of the terms governing the Tenancy Transactions between the Group and Emperor International Group and also serves to streamline the reporting, announcement and, if necessary, Shareholders' approval process whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor International Group. The obtaining of the Tenancy Annual Cap can help to reduce the administrative burden and costs on the Company in complying with the requirements under the

Listing Rules from time to time. The Definitive Leasing Agreements will be agreed on an arm's length basis, on normal commercial terms or on terms no less favourable to the Group than those terms offered by independent third parties.

The Directors consider that the Master Leasing Agreement have been negotiated on an arm's length basis, on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that the Tenancy Annual Cap is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and Emperor International are both indirectly controlled by the AY Trust. As such, under Chapter 14A of the Listing Rules, Emperor International is a connected person of the Company and accordingly, the Master Leasing Agreement constitutes a continuing connected transaction of the Company.

Ms. Daisy Yeung, the Managing Director of the Company, did abstain from voting on the relevant Board resolution(s) of the Company in view of her deemed interest in the transaction by virtue of being one of the eligible beneficiaries of the AY Trust.

As the applicable percentage ratios (as defined in the Listing Rules) calculated with reference to the Tenancy Annual Cap of the Company are more than 0.1% but less than 5%, the Master Leasing Agreement and the Tenancy Annual Cap are subject to the announcement, reporting and annual review requirements but exempt from Shareholders' approval of the Company under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“AY Trust”	The Albert Yeung Discretionary Trust, a discretionary trust set up by Dr. Yeung Sau Shing, Albert
“Board”	The board of directors of the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Company”	Emperor Capital Group Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Stock Exchange
“Definitive Leasing Agreement(s)”	definitive agreements which have been entered and may be entered into between any member(s) of the Group and any members of Emperor International Group from time to time in relation to any of the Tenancy Transactions subsisting as at the date hereof and at any time during the term of the Master Leasing Agreement

“Directors”	the directors of the Company
“Emperor International”	Emperor International Holdings Limited, a company indirectly owned as to approximately 74.71% by the AY Trust as at the date of this announcement, an exempted company incorporated in Bermuda with limited liability, the subsidiaries of which are principally engaged in property investment, property development and hospitality and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 163)
“Emperor International Group”	Emperor International and its subsidiaries from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Leasing Agreement”	the agreement dated 24 May 2018 entered into between the Company and Emperor International in relation to the Tenancy Transactions
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“sq. ft.”	square feet
“Tenancy Annual Cap”	the maximum amount of rental / licence fee paid / payable by the Group under the Master Leasing Agreement and Definitive Leasing Agreements for each of the financial years ending 30 September 2018, 2019, 2020 and the six months ending 31 March 2021
“Tenancy Transaction(s)”	all existing and future tenancy / licence transactions between members of the Group as tenants and relevant members of Emperor International Group as landlords regarding the leasing of properties as contemplated under the Master Leasing Agreement and the Definitive Leasing Agreements

“0%”

per cent

By order of the Board
Emperor Capital Group Limited
Daisy Yeung
Managing Director

Hong Kong, 24 May 2018

As at the date of this announcement, the Board comprises:

Executive Directors:

Ms. Daisy Yeung
Mr. Chan Shek Wah
Ms. Choi Suk Hing, Louisa
Ms. Pearl Chan

Independent Non-Executive Directors:

Mr. Chu Kar Wing
Mr. Poon Yan Wai
Ms. Wan Choi Ha