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IMPERIAL PACIFIC
INTERNATIONAL HOLDINGS

IMPERIAL PACIFIC INTERNATIONAL HOLDINGS LIMITED

博華太平洋國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1076)

**DISCLOSEABLE TRANSACTION
LEASE OF LAND**

On 29 April 2015, the Lessee, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with the Lessor (Department of Public Lands in CNMI), pursuant to which the Lessor agreed to lease to the Lessee the Land with a total area of approximately 20,000 square meters in Garapan, Island of Saipan, CNMI, for an initial term of 25 years which may be extended for up to another 15 years in accordance with the terms of the Lease Agreement.

The Land, together with the Adjacent Land, occupying a total area of approximately 59,000 square meters, will form the location at which the Town Hotel will be constructed. It is expected that construction work for the two town hotels and a casino with a total area of approximately 130,000 square meters would commence in the third quarter of 2015 and would complete within 6 months.

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Principal terms of the Lease Agreement are set forth below:

THE LEASE AGREEMENT

Date

29 April 2015

Parties

- (1) Lessor: Department of Public Lands in CNMI
- (2) Lessee: Imperial Pacific International (CNMI) LLC, a company incorporated in CNMI and an indirect wholly-owned subsidiary of the Company

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor is an Independent Third Party.

Subject matter of the Lease Agreement

Pursuant to the Lease Agreement, the Lessor shall lease to the Lessee the Land. As at the date of the Lease Agreement, the Group also held exclusive leasehold interest in the Adjacent Land. If the Group shall cease to hold exclusive leasehold interest in certain parcels of the Adjacent Land, the lease of Lot Number 104 D 11R/W which forms part of the Land shall terminate and all rights, title and interests in Lot Number 104 D 11R/W shall automatically be reverted to the Lessor without notice.

The Lessor shall use the Land for the purpose of constructing, developing and operating the Town Hotel which shall consist of a 250-room hotel with casino floor space of approximately 2,200 square meters (excluding back areas) and related amenities. The guest rooms, services and facilities shall be at a quality identified by the AAA Lodging Criteria for five star establishments.

Term of the Lease Agreement

The term of the Lease Agreement shall commence on the date of the Lease Agreement for an initial period of 25 years unless otherwise terminated or cancelled pursuant to the applicable provisions of the Lease Agreement. The Lessee may request to extend the Lease Agreement for up to another 15 years after the first anniversary of the date of the Lease Agreement, subject to the approval by three-fourths of the members of the legislature in CNMI.

Rental consideration

The total rental consideration shall be payable by the Lessee to the Lessor in the following manner:

- (1) For the first one-year period, the Lessee shall pre-pay rental in the amount of US\$250,000 upon signing of the Lease Agreement.
- (2) After the first one-year period and until the end of the initial 25-year period, rental shall be payable annually in advance based on the percentage of the appraised fair market value ^{Note 1} of the unimproved Land as of the commencement of each five-year period, or the percent of gross receipts ^{Note 2} in the amount set forth below:

Period	Guaranteed Annual Minimum	Alternative Percent of Gross Receipts ^{Note 2}
1st Five-Year Period	5.0% of Appraised Value <i>Note 1</i>	Not Applicable
2nd Five-Year Period	5.0% of Appraised Value <i>Note 1</i>	Not Applicable
3rd Five-Year Period	5.0% of Appraised Value <i>Note 1</i>	Not Applicable
4th Five-Year Period	2.5% of Appraised Value <i>Note 1</i>	or 0.50% whichever is greater
5th Five-Year Period	3.0% of Appraised Value <i>Note 1</i>	or 1.00% whichever is greater

The parties to the Lease Agreement had agreed that the appraised value of the Land upon signing of the Lease Agreement and for the first five-year period of the Lease Agreement shall be US\$5,000,000.

If the Lease Agreement is extended beyond the initial 25-year period, the following payment schedule shall apply:

Period	Guaranteed Annual Minimum	Alternative Percent of Gross Receipts ^{Note 2}
6th Five-Year Period	3.0% of Appraised Value <i>Note 1</i>	or 1.25% whichever is greater
7th Five-Year Period	3.0% of Appraised Value <i>Note 1</i>	or 1.50% whichever is greater
8th Five-Year Period	3.0% of Appraised Value <i>Note 1</i>	or 1.75% whichever is greater

Note 1:

Appraised value is calculated based on the then current appraised fair market value of the unimproved Land.

Note 2:

Gross receipts refer to all income or revenue (including money and any other thing of value) received by or paid to the Lessee, its sub-lessees or concessionaires, or received by or paid to others for the use and benefit of any of the aforementioned, derived from business done, sales made or services rendered directly from or on the Land or the Town Hotel, or derived from the subleasing, sub-renting, permitting, contracting, or other use of the same. Notwithstanding the aforementioned, the following items may be deducted from the gross receipts:

- (i) credits for the exchange of goods or merchandise from the Land to another store or stores owned or operated by the Lessee, its parent or affiliate, where such exchange is made solely for the convenience of business and not for the purpose of consummating a sale previously made directly or indirectly from or upon the Land;
- (ii) to the extent the same shall have been included in gross receipts, credits to customers for returned merchandise, merchandise trade-ins, exchanges, merchandise cancellations, allowances and discounts, and any and all credits to customers of a similar nature;
- (iii) the amount derived from the sale or other disposition of fixtures, goodwill, improvements, furnishings, equipment, accessory, appliance, utensils or any other item of property which is (a) either sold outside the ordinary course of the Lessee's business; or (b) not acquired or held by the Lessee as a stock-in-trade or inventory for resale in the ordinary course of the Lessee's business; and
- (iv) to the extent the same has been counted in the gross receipts, the amount equal to all income or revenue accruing or paid to the Lessee or for its benefit which is derived from the rental, leasing, or grant of facilities on the Land to any sub-lessee or concessionaire primarily for the purpose of operating on the Land a retail or wholesale sales or service facility whose income or revenue is counted as a part of the gross receipts under the Lease Agreement.

Should the guaranteed annual minimum rental be less than the alternative percent of gross receipts, the Lessee shall pay to the Lessor the difference within 180 days from the end of the lease year in which the difference occurs, and such adjustment shall be made based upon Lessee's annual certified and audited financial statements.

All rental payable under the Lease Agreement shall be payable on the first day of the month after date of the Lease Agreement. Past due rental payments shall bear interest at 1% per month compounded monthly, from the date it becomes due until paid.

The total rental consideration payable under the Lease Agreement shall be funded by the internal resources of the Group.

Security Deposit

Under the Lease Agreement, the Lessee shall deposit an amount of US\$250,000 as security deposit with the Lessor within 30 days of the date of the Lease Agreement, which shall be refundable to the Lessee together with the accrued interests on such security deposit at the

expiry of the Lease Agreement, subject to full compliance by the Lessee with all terms and conditions of the Lease Agreement. The Lessee had already paid such security deposit to the Lessor.

Guarantee

Pursuant to the Lease Agreement, the Guarantors have jointly and severally guaranteed the full performance of all terms and conditions to be performed by the Lessee under the Lease Agreement including but not limited to, the prompt payments of any and all obligations that may arise under the Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The Group is principally engaged in the development and operation of integrated resort on the Island of Saipan, the sharing of profit stream from gaming business in Macau and the processing and trading of food products which mainly include frozen and functional food products. The Lessee is an indirect wholly-owned subsidiary of the Company principally engaged in the development and operation of integrated resort on the Island of Saipan, CNMI.

References are made to the circular of the Company dated 22 November 2014 and the announcement of the Company dated 5 May 2015 in relation to, among other things, the grant of the Casino Resort Developer License to the Lessee and the development of the Town Hotel by the Lessee.

The Land, together with the Adjacent Land, occupying a total area of approximately 59,000 square meters, will form the location at which the Town Hotel will be constructed. As the licensee of the Casino Resort Developer License, the lease of the Land together with the Adjacent Land would allow the Lessee to fulfil its obligations to develop and operate the Town Hotel under the Casino Resort Developer License. The rental for the Land is determined after arm's length negotiations between the Lessor and the Lessee with reference to, among other factors, the location of the Land, the business plan of the Group and the proposal requirements under the Casino Resort Developer License. The Directors consider that the terms of the Lease Agreement are fair and reasonable and the lease of the Land by the Lessee from the Lessor is in the interests of the Company and the Shareholders as a whole. It is expected that construction work for the two town hotels and a casino with a total area of approximately 130,000 square meters would commence in the third quarter of 2015 and would complete within 6 months.

INFORMATION ABOUT THE LESSOR

The Lessor is a public authority that has authority and responsibility over the management, use and disposition of public lands in CNMI.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios of the Annual Rental exceed 5% but are less than 25%, the lease of the Land constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Adjacent Land”	the parcels of land with an aggregate area of approximately 39,000 square meters in Garapan, Island of Saipan, CNMI leased by the Group, with lease terms ending between April 2044 and September 2069, which are adjacent to the Land
“Annual Rental”	the projected maximum annual rental in respect of the lease of the Land during the Term
“Board”	the board of Directors
“Casino Resort Developer License”	an exclusive casino resort developer license for the Island of Saipan in CNMI granted to the Lessee
“CNMI”	the Commonwealth of the Northern Mariana Islands
“Company”	Imperial Pacific International Holdings Limited (博華太平洋國際控股有限公司), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guarantors”	(i) Inventive Star Limited, the controlling shareholder (as defined in the Listing Rules) of the Company; (ii) the Company; and (iii) Best Sunshine International Limited, a direct wholly-owned subsidiary of the Company which holds the entire shareholding of the Lessee
“Independent Third Party”	a person who is not a connected person of the Company

“Land”	the land with a total area of approximately 20,000 square meters in Garapan, Island of Saipan, CNMI, comprising: (i) Tract Number 21049-R2, as shown on DLS Check Number 2021/15 recorded at the Commonwealth Recorder’s Office on 18 March 2015 as File Number 15-0542; and (ii) (a) Lot Number 104 D 08; (b) Lot Number 104 D 10; (c) Lot Number 104 D 11R/W; and (d) Lot Number 104 D 12, as shown on DLS Check Number 104 D 04 recorded at the Commonwealth Recorder’s Office on 19 Mar 2015, as File Number 15-0844
“Lease Agreement”	the lease agreement dated 29 April 2015 entered into between the Lessor and Lessee for the lease of the Land
“Lessee”	Imperial Pacific International (CNMI) LLC, a company incorporated in CNMI and an indirect wholly-owned subsidiary of the Company
“Lessor”	Department of Public Lands in CNMI
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the initial rental period of 25 years from the date of the Lease Agreement
“Town Hotel”	town hotel(s) which shall consist of a 250-room hotel, casino and associated facilities to be constructed, developed and operated by the Lessee on the Land and the Adjacent Land in the Island of Saipan, CNMI
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Imperial Pacific International Holdings Limited
Cai Lingli
Executive Director

Hong Kong, 25 May 2015

As at the date of this announcement, the Board comprises Ms. Cai Lingli and Ms. Xia Yuki Yu as executive Directors; and Mr. Ng Hoi Yue, Mr. Tso Hon Sai Bosco and Mr. Lee Kwok Leung as independent non-executive Directors.

In case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.