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**英皇娛樂酒店有限公司**  
**Emperor Entertainment Hotel Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code : 296)**



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

## **CONTINUING CONNECTED TRANSACTION PROVISION OF SERVICES TO SJM IN GRAND EMPEROR HOTEL BY EMPEROR E HOTEL**

On 30 December 2022, Tin Hou, a wholly-owned subsidiary of Emperor E Hotel, entered into the Agreement with SJM for the provision of the Services to SJM in Grand Emperor Hotel, which is under Emperor E Hotel.

As SJM is a connected person at subsidiary level of Emperor E Hotel which is in turn indirectly non wholly-owned by Emperor International, the Transactions are subject to announcement, annual review and reporting requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements for both Emperor E Hotel and Emperor International under the Listing Rules.

### **INTRODUCTION**

The directors of Emperor E Hotel and Emperor International announce that on 30 December 2022, Tin Hou, a wholly-owned subsidiary of Emperor E Hotel, entered into the Agreement with SJM for the provision of the Services to SJM in Grand Emperor Hotel for a term of 3 years commencing 1 January 2023.

## THE AGREEMENT

- Date: 30 December 2022
- Parties:
- (i) Tin Hou, a limited company incorporated in Macau and being indirectly wholly-owned by Emperor E Hotel and indirectly non wholly-owned by Emperor International
  - (ii) SJM, a company incorporated in Macau, which is principally engaged in gaming business in Macau and is one of concessionaires licensed for the operation of games of fortune or chance in casino in Macau
- Term: From 1 January 2023 to 31 December 2025
- Subject: Tin Hou will provide the Services to SJM in relation to the casino to be operated under SJM's gaming concession in the Gaming Area in Grand Emperor Hotel.
- Service fee: As consideration for the provision of the Services, Tin Hou shall be entitled to percentage sharing of the gross gaming revenue in respect of the monthly operating performance of the Gaming Area and shall be settled on monthly basis pursuant to the Agreement.
- The monthly entitlement of Tin Hou for the provision of the Services is determined after arm's length negotiation between Tin Hou and SJM with reference to the historical percentage sharing of the gross gaming revenue of the Gaming Area.
- Costs and expenses: Pursuant to the Agreement, all operating costs and expenses calculated on accrual basis shall be borne by Tin Hou, including but not limited to the following key activities:
- (i) manage, decorate and renovate the Gaming Area and related facilities in Grand Emperor Hotel;
  - (ii) provide and adopt gaming equipment in compliance with the standards of SJM;
  - (iii) bear the expenses related to decoration, renovation, additional or expanding works and the acquisition, installation, daily using, maintenance, system update or update cost of all the equipment installed in the Gaming Area;
  - (iv) bear the acquisition, maintenance, repair and replacement costs of all gaming equipment including traditional and electronic gaming tables and ancillary gaming related equipment in the Gaming Area; and
  - (v) bear all necessary operational expenses in relation to the operation of the Gaming Area including all salary and expenses with staff.

Others: In addition to the termination due to the expiry upon the Term, the Agreement may be terminated (i) pursuant to the terms of the Agreement; or (ii) by either party giving 21 days' notice to the other who is in default of the terms of the Agreement.

## HISTORICAL TRANSACTIONS AMOUNTS

The historical amounts of service fee received from SJM for provision of the Services are set out below:

<b>For the financial year ended 31 March</b>	<b>Historical transaction amounts</b> <i>HK\$'000</i> <i>(Approx.)</i>
2021	209,306
2022	260,884
2023 (from 1 April 2022 to 26 June 2022)	24,382

## THE ANNUAL CAPS

Set out below is the proposed Annual Caps for the three months ending 31 March 2023, the financial years ending 31 March 2024 and 2025 and the nine months ending 31 December 2025:

	<b>For the three months ending 31 March 2023</b> <i>HK\$'000</i>	<b>For the financial year ending 31 March 2024</b> <i>HK\$'000</i>	<b>For the financial year ending 31 March 2025</b> <i>HK\$'000</i>	<b>For the nine months ending 31 December 2025</b> <i>HK\$'000</i>
Annual Caps	100,000	400,000	600,000	700,000

The Annual Caps are determined with reference to (i) historical amounts of the entitlement of Tin Hou for the provision of the Services to SJM; (ii) previous gross gaming revenue from the gaming operation in Grand Emperor Hotel; (iii) the number of gaming tables and slot machines in the Gaming Area; (iv) the anticipated rebound in gross gaming revenue of Macau due to the gradually easing of Covid-19-related restrictions; and (v) the expected sharing of the gross gaming revenue of the Gaming Area for respective financial year / period set out above.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT**

Emperor E Hotel is an investment holding company and its subsidiaries are principally engaged in the provision of entertainment and hospitality services in Macau and Hong Kong. Emperor E Hotel is an indirect subsidiary owned as to approximately 71.63% by Emperor International. Tin Hou is principally engaged in provision of business consultancy, management and promotion services.

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality businesses in Greater China and overseas.

SJM is a joint stock company “sociedade anónima” incorporated under the laws of Macau and a subsidiary of SJM Holdings Limited which is a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange. SJM is principally engaged in gaming business in Macau and is one of the concessionaires for the operation of games of fortune or chance in casino in Macau.

The Gaming Area of Emperor E Hotel in Grand Emperor Hotel had been operated under the gaming concession held by SJM. Due to the outbreak of Covid-19 pandemic in early 2020, the Emperor E Hotel Group has faced the most difficult time since its commencement of gaming business and incurred a loss for the first time in the six months ended 30 September 2020. Thereafter, the Emperor E Hotel Group’s management proactively reviewed its business operation and thoroughly assessed the solutions of mitigating the downside risks. Considering the duration which Macau Government required to administer the public tender of casino concessions at that time, the gloomy market environment brought by the macro economy and continuous travel restrictions, the Emperor E Hotel Group’s management considered it was in the best interest of the Emperor E Hotel Group not to renew the service agreement with SJM upon its expiration on 26 June 2022, and instead, to receive a relatively steady monthly income from SJM for the provision of hotel rooms, catering and other ancillary services to SJM for the period from 27 June 2022 to 31 December 2022 during when the gaming operation in Grand Emperor Hotel are being run by SJM.

Recently, Macau Government has announced the award of 10-year gaming concession to six casino operators including SJM, which has provided a clearer visibility in the future development of Macau’s gaming industry. Given the gaming facilities are retained in Grand Emperor Hotel all along, under the conditions that no additional capital expenditure is required and the gaming operation being a concrete and continuous revenue and profit contributor to the Emperor E Hotel Group prior to the outbreak of Covid-19, the Emperor E Hotel Group’s management believes that it is in the best interest of the Emperor E Hotel Group to enter into the Agreement with SJM, enabling the Emperor E Hotel Group to fully utilise its assets and space in Grand Emperor Hotel.

The reopening of Macau’s border and the lifting of quarantine requirement upon arrival will drive an increase in visitation to Macau, which is a catalyst to Macau’s gaming industry. With the recent infrastructure developments that enhance access to Macau, Macau’s position in Greater Bay Area, as well as Macau Government’s determination to become a world center of tourism and leisure, the Emperor E Hotel Group’s management is confident in Macau’s tourism recovery and its medium to long term growth prospects, and is prepared to capture the opportunities when the market revives.

The boards of the directors of both Emperor E Hotel and Emperor International (including the respective INEDs) are of the view that the Transactions are revenue in nature and in the ordinary and usual course of business of the Groups, and the terms of the Agreement are fair and reasonable and that they are on normal commercial terms, and in the interests of both of Emperor E Hotel and Emperor International and their respective shareholders as a whole.

None of the directors of Emperor E Hotel and Emperor International has material interest in the Transactions and therefore no director has abstained from voting on the respective board resolutions approving the same.

## **IMPLICATION OF THE LISTING RULES**

SJM, through its indirect wholly-owned subsidiary, has 19.99% equity interest in Luck United, a company indirectly owned as to 80% by Emperor E Hotel which is in turn indirectly owned as to approximately 71.63% by Emperor International. Thus, SJM is a connected person at subsidiary level of Emperor E Hotel and Emperor International under Chapter 14A of the Listing Rules.

As (i) SJM is a connected person at subsidiary level of Emperor E Hotel and Emperor International; (ii) the directors of both Emperor E Hotel and Emperor International (including their respective INEDs) have approved the Transactions; and (iii) the INEDs of both Emperor E Hotel and Emperor International have confirmed the terms of the Transactions are fair and reasonable and such Transactions are on normal or better commercial terms and in the ordinary and usual course of business of the Groups and in the interests of both Emperor E Hotel and Emperor International and their respective shareholders as a whole, the Transactions, even though one or more applicable percentage ratios (as defined in the Listing Rules) for the Annual Caps exceed 5% for both Emperor E Hotel and Emperor International, the Transactions are only subject to announcement, annual review and reporting requirements under Chapter 14A of the Listing Rules but exempt from the circular, independent financial advice and independent shareholders' approval requirements for both Emperor E Hotel and Emperor International pursuant to Rule 14A.101 of the Listing Rules.

Emperor E Hotel and Emperor International confirm that the operation of Tin Hou is lawful in the relevant jurisdiction(s). Both Emperor International and Emperor E Hotel will use their best endeavours to ensure that the operation of Tin Hou will comply with the applicable laws in the relevant jurisdiction(s). Shareholders of Emperor E Hotel and Emperor International are reminded that, in accordance with the Stock Exchange's guidelines on gambling business, that if the operation of Tin Hou (i) fails to comply with the applicable laws in the jurisdiction(s) where gambling activities take place; and/ or (ii) contravenes the Gambling Ordinance (Cap. 148), Emperor E Hotel and Emperor International may be considered unsuitable for listing under Rule 8.04 of the Listing Rules and the Stock Exchange may, depending on the circumstances of the case, direct both Emperor E Hotel and Emperor International to take remedial action, suspend dealings in, or may cancel the listing of, the shares of Emperor E Hotel and Emperor International pursuant to Rule 6.01(4) of the Listing Rules.

## TERMS USED IN THIS JOINT ANNOUNCEMENT

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

“Agreement”	the agreement entered into between Tin Hou and SJM dated 30 December 2022, regarding the provision of Services to SJM
“Annual Caps”	the relevant annual cap amounts of both Emperor E Hotel and Emperor International for the service fees to be received by Tin Hou from SJM pursuant to the Agreement
“connected person(s)”	has the same meaning as ascribed to it in the Listing Rules
“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), which is indirectly owned as to approximately 71.63% by Emperor International
“Emperor E Hotel Group”	Emperor E Hotel and its subsidiaries
“Emperor International”	Emperor International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 163)
“Emperor International Group”	Emperor International and its subsidiaries
“Gaming Area”	the designated areas in Grand Emperor Hotel in which traditional and electronic gaming tables, VIP rooms and slot machines are operated
“Grand Emperor Hotel”	Grand Emperor Hotel, No. 288 Avenida Commercial, Macau
“Groups”	Emperor International Group and Emperor E Hotel Group
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“INEDs”	independent non-executive directors
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Luck United”	Luck United Holdings Limited, a limited company incorporated in the British Virgin Islands and being indirectly owned as to 80% by Emperor E Hotel

“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Macau Government”	the Government of Macau
“Services”	including selling, promotion, publicity, management, customer development and introduction, coordination of activities as well as other mutually agreed services to be provided or borne by Tin Hou under the Agreement
“SJM”	SJM Resorts, S.A., a company incorporated under the laws of Macau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the term of the Agreement
“Tin Hou”	Tin Hou Limited, a limited company incorporated in Macau and being indirectly wholly-owned by Emperor E Hotel and indirectly non wholly-owned by Emperor International
“Transactions”	the transactions contemplated under the Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

By order of the board  
**Emperor Entertainment Hotel Limited**  
**Luk Siu Man, Semon**  
*Chairperson*

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

Hong Kong, 30 December 2022

As at the date of this joint announcement:

The board of Emperor E Hotel comprises Ms. Luk Siu Man, Semon as *non-executive director*, Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa as *executive directors*, and Ms. Kwan Shin Luen, Susanna, Ms. Lai Ka Fung, May and Mr. Yeung Man Sun as *independent non-executive directors*.

The board of Emperor International comprises Ms. Luk Siu Man, Semon as *non-executive director*, Mr. Yeung Ching Loong, Alexander, Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa and Mr. Cheung Ping Keung as *executive directors*, and Mr. Chan Hon Piu, Mr. Chu Kar Wing and Mr. Poon Yan Wai as *independent non-executive directors*.