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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)

CONTINUING CONNECTED TRANSACTIONS
2020 MASTER LEASING AGREEMENT

Reference is made to the announcement dated 24 May 2018 in relation to the 2018 MLA. With the upcoming expiration of the 2018 MLA, the Company and Emperor W&J entered into the 2020 MLA on 3 December 2020 to regulate arrangements for Tenancy Transactions between the parties for a successive term of 3 years from 1 April 2021.

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

2020 MLA

Reference is made to the announcement dated 24 May 2018 in relation to the 2018 MLA entered into between the Company and Emperor W&J which set out a framework of the terms governing the Tenancy Transactions between the Group and Emperor W&J Group.

The Group shall continue to lease their properties to Emperor W&J Group. In light of (1) the amendment to the annual caps for Emperor W&J Group under the Listing Rules; and (2) the setting of a successive term of 3 years from 1 April 2021, the Board announces that with the upcoming expiration of the 2018 MLA, the Company and Emperor W&J entered into the 2020 MLA on 3 December 2020 to recite their agreement regarding the subject matter.

Date

3 December 2020

** for identification purpose only*

Term

1 April 2021 – 31 March 2024. Subject to compliance with the then relevant requirements of the Listing Rules, or any waiver obtained from strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, the 2020 MLA shall be automatically renewed for a successive period of 3 years thereafter (or such other period permitted under the Listing Rules), unless terminated earlier in accordance with the 2020 MLA.

Key terms and conditions

The 2020 MLA mainly serves to amend certain definitive terms in light of the changes in the Listing Rules and to state the new term of 3 years from 1 April 2021.

Relevant members of the Group and relevant members of Emperor W&J 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 2020 MLA, provides that:

- (a) all the Tenancy Transactions have been and shall be conducted in the usual and ordinary course of business of both the Group and Emperor W&J Group and are in the interest of their respective shareholders as a whole;
- (b) the terms of each Definitive Leasing Agreement have been and shall be on normal commercial terms or on terms which are no less favourable available to the Group than terms offered to independent third parties as tenants;
- (c) the terms of the Tenancy Transactions have been and shall be arrived at after arm's length negotiation and the amount of rental thereunder the respective Definitive Leasing Agreements shall be determined based on the condition of the properties and with reference to the then prevailing market rents on premises comparable in location, area and permitted use;
- (d) all the Tenancy Transactions have been and shall be concluded in compliance with all applicable provisions of the Listing Rules, the applicable laws, 2020 MLA and relevant Definitive Leasing Agreements; and
- (e) Emperor W&J Group has / shall have the option to consider third party landlords and premises other than the properties of the Group.

Historical transaction amounts

Set out below are the historical amounts of rental under the Tenancy Transactions between the Group and Emperor W&J Group:

	For the year ended 31 March		From 1 April 2020 up to 30 September
	2019	2020	2020
	<i>HK\$ '000</i>	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Historical Tenancy Transactions amount	4,141	4,639	1,641

The 2018 Aggregate Tenancy Annual Caps under the 2018 MLA are HK\$6,000,000 for each of the 3 years ended / ending 31 March 2019, 2020 and 2021.

Aggregate Tenancy Annual Caps

Set out below are the Aggregate Tenancy Annual Caps under the 2020 MLA for each of the following years:

	For the year ending 31 March		
	2022	2023	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Aggregate Tenancy Annual Caps	7,000	7,000	7,000

The Aggregate Tenancy Annual Caps aggregate all Tenancy Transactions entered / to be entered with Emperor W&J Group regardless of their location and usage, and have been determined after taking into account:

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

As at the date of this announcement, a member of the Group is leasing properties to a member of Emperor W&J Group in the following area in Macau:

Location

Shops at the Grand Emperor Hotel, 288 Avenida Comercial De, Macau

There are two existing lease agreements entered between the Group and Emperor W&J Group regarding the above leased properties. The expiry date of both leases is in March 2021 with an option for extension of 1 year. The monthly rental ranges from HK\$83,600 to HK\$310,000 and the size ranges from 1,129 sq. ft. to 4,391 sq. ft. The duration of the leases are usually 3 years.

- (iii) assuming all the above tenancies will be renewed upon expiry and taking into account the possible oncoming adjustment in rental rates;
- (iv) the business development and expansion of Emperor W&J Group and the possibility of entering into new Tenancy Transactions with the Group under the 2020 MLA in the forthcoming years; and
- (v) the prevailing market rents of the properties as compared with similar properties in the vicinity.

REASONS FOR AND BENEFITS OF THE 2020 MLA

The Company is an investment holding company and its subsidiaries are principally engaged in provision of entertainment and hospitality services in Macau.

The Group currently leases part of its properties to Emperor W&J Group pursuant to the 2018 MLA, and shall continue to lease the properties to Emperor W&J Group in the future. With the upcoming expiration of the 2018 MLA, entering into the 2020 MLA will continue to govern the Tenancy Transactions between the Group and Emperor W&J Group, and also serves to streamline the relevant process of reporting, announcement and the Shareholders' approval process, if necessary, whenever there is new tenancy or renewal of the Tenancy Transactions between the Group and Emperor W&J Group. Besides, the obtaining of the Aggregate Tenancy Annual Caps will help reduce the relevant administrative burden and costs on the Company in compliance with the requirements under the Listing Rules. 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 terms offered to independent third parties as tenants.

The Directors (including the independent non-executive Directors) consider that the terms of the 2020 MLA have been conducted in the ordinary and usual course of business of the Company and 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 Aggregate Tenancy Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Company and Emperor W&J are both indirectly controlled by the respective private discretionary trusts which were both set up by Dr. Albert Yeung, who is the deemed substantial shareholder of the Company. As such, under Chapter 14A of the Listing Rules, Emperor W&J is a deemed connected person of the Company and accordingly, the transactions contemplated under the 2020 MLA constitutes continuing connected transactions of the Company.

Ms. Luk Siu Man, Semon, the Chairperson of the Company and Non-executive Director, did abstain from voting on the relevant Board resolutions of the Company in view of her deemed interest in the transactions by virtue of being an associate of the eligible beneficiary of the aforesaid private discretionary trusts.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being the executive Directors, did abstain from voting on the relevant Board resolution(s) of the Company as they also take up a management role in Emperor W&J.

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

DEFINITIONS

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

“2018 Aggregate Tenancy Annual Caps”	the previously obtained annual caps of the transactions contemplated under the 2018 MLA for each of the 3 financial years ended/ending 31 March 2019, 2020 and 2021
“2018 MLA”	the master leasing agreement dated 24 May 2018 entered into between Company and Emperor W&J
“2020 MLA”	the master leasing agreement dated 3 December 2020 entered into between the Company and Emperor W&J
“Aggregate Tenancy Annual Cap(s)”	the maximum amount of rental / licence fee to be received / receivable by the Group under the 2020 MLA for each of the 3 financial years ending 31 March 2022, 2023 and 2024
“Board” or “Directors”	The board of directors of the Company
“Company”	Emperor Entertainment Hotel Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Definitive Leasing Agreement(s)”	definitive agreements which has / have been entered and may be entered into between any member(s) of the Group and any member(s) of Emperor W&J Group from time to time in relation to any of the Tenancy Transactions (setting out the terms of the 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) subsisting as at the date hereof and at any time during the respective terms of the 2018 MLA and 2020 MLA
“Dr. Albert Yeung”	Dr. Yeung Sau Shing, Albert

“Emperor W&J”	Emperor Watch & Jewellery Limited, a company incorporated in Hong Kong with limited liability, the subsidiaries of which are principally engaged in the sales of European-made internationally renowned watches and self-designed fine jewellery products under its own brand “ <i>Emperor Jewellery</i> ” and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 887)
“Emperor W&J Group”	Emperor W&J and its subsidiaries from time to time
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China
“Shareholder(s)”	holder(s) of 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 Transaction(s)”	all existing and future tenancy / licence transaction(s) between member(s) of the Group as landlord(s) and relevant member(s) of Emperor W&J Group as tenant(s) regarding the leasing of properties as contemplated under the 2018 MLA or 2020 MLA (as the case may be) and the Definitive Leasing Agreements
“%”	per cent

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

Hong Kong, 3 December 2020

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

<i>Non-executive Director:</i>	Ms. Luk Siu Man, Semon
<i>Executive Directors:</i>	Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors:</i>	Mr. Yu King Tin Ms. Kwan Shin Luen, Susanna Ms. Lai Ka Fung, May