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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
INCREASE OF ANNUAL CAPS

References are made to the joint announcements of Emperor E Hotel and Emperor International (collectively, the “**Companies**”) dated 30 December 2022 and 21 February 2023 in relation to the continuing connected transaction for the provision of the Services to SJM in Grand Emperor Hotel. As the boards of directors of the Companies anticipate that the service fee receivable from SJM may exceed the existing Annual Caps, the Companies proposed to increase the existing Annual Caps for the financial years ending 31 March 2024 and 2025 and the nine months ending 31 December 2025.

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 and the revision of the Annual Caps are subject to announcement, annual review and reporting requirements but exempt from the circular, independent financial advice and independent shareholders’ approval requirements for the Companies under the Listing Rules.

BACKGROUND

References are made to the joint announcements of the Companies dated 30 December 2022 and 21 February 2023 in relation to the continuing connected transaction for the provision of the Services to SJM in Grand Emperor Hotel. As the boards of directors of the Companies anticipate that the service fee receivable from SJM may exceed the existing Annual Caps, the Companies proposed to increase the existing Annual Caps for the financial years ending 31 March 2024 and 2025 and the nine months ending 31 December 2025.

INCREASE OF ANNUAL CAPS

Set out below are (i) the historical amounts of the service fee received from SJM for the provision of the Services for the three months ended 31 March 2023 and the nine months ended 31 December 2023; (ii) the existing Annual Caps for the financial years ending 31 March 2024 and 2025 and the nine months ending 31 December 2025; and (iii) the proposed revised Annual Caps for the financial years ending 31 March 2024 and 2025 and the nine months ending 31 December 2025:

	Historical transaction amounts <i>HK\$'000</i> <i>(Approx.)</i>		
For the three months ended 31 March 2023			63,359
For the nine months ended 31 December 2023			341,919
	For the financial year ending 31 March 2024 <i>HK\$'000</i>	For the financial year ending 31 March 2025 <i>HK\$'000</i>	For the nine months ending 31 December 2025 <i>HK\$'000</i>
Existing Annual Caps	400,000	600,000	700,000
Revised Annual Caps	600,000	1,000,000	900,000

The revised Annual Caps are determined with reference to (i) the historical transaction amounts of the provision of the Services to SJM, especially that for the nine months ended 31 December 2023 which has exceeded 85% of the existing Annual Cap for the year ending 31 March 2024; (ii) the stronger-than-expected rebound in gross gaming revenue of Macau; and (iii) a reasonable buffer for unanticipated gaming demand for respective financial years/period set out above.

THE AGREEMENT

The terms of the Agreement have **NOT** been changed or modified in any way, and the major terms (including the pricing terms) were disclosed in the section headed “THE AGREEMENT” in the joint announcement of the Companies dated 30 December 2022, and the section headed “PROCEDURES LEADING TO AND BASIS OF DETERMINATION OF THE PERCENTAGE SHARING AND OTHER TERMS UNDER THE AGREEMENT” in the joint announcement of the Companies dated 21 February 2023. Major terms of the Agreement are re-capped under Appendix in this joint announcement on pages 6 and 7 for ease of reference.

REASONS FOR AND BENEFITS OF INCREASE OF ANNUAL CAPS

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.

In view of the significant growth in visitor arrivals to Macau leading to robust increase in gross gaming revenue of Macau, based on the ongoing assessment, the boards of directors of the Companies anticipate that the service fee receivable from SJM will be higher than originally estimated and may exceed the existing Annual Caps. The boards of directors of the Companies considered that the ongoing business arrangements between the Emperor E Hotel Group and SJM and the increase of the Annual Caps provide the Emperor E Hotel Group with the flexibility to receive the service fee income from SJM, in order to increase its revenue.

The boards of directors of the Companies (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 determined on an arm’s length basis, and the Transactions and the revised Annual Caps are fair and reasonable and in the interests of the Companies and their respective shareholders as a whole.

None of the directors of the Companies has material interest in the Transactions and therefore no director has abstained from voting on the respective board resolutions approving the revision of the Annual Caps.

LISTING RULES IMPLICATIONS

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 the Companies under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54(1) of the Listing Rules, if the issuer intends to revise annual caps for continuing connected transactions, the issuer will be required to re-comply with relevant requirements of Chapter 14A of the Listing Rules in respect of the relevant continuing connected transactions.

As (i) SJM is a connected person at subsidiary level of the Companies; (ii) the directors of the Companies (including their respective INEDs) have approved the Transactions; and (iii) the INEDs of the Companies 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 the Companies and their respective shareholders as a whole, even though one or more applicable percentage ratios (as defined in the Listing Rules) for the revised Annual Caps exceed 5% for the Companies, the Transactions and the revision of the Annual Caps 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 the Companies pursuant to Rule 14A.101 of the Listing Rules.

The Companies confirm that the operation of Tin Hou is lawful in the relevant jurisdiction(s). The Companies 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 the Companies are reminded that, in accordance with the Stock Exchange’s guidelines on gambling business, 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), the Companies 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 the Companies 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 (as amended and supplemented by the 1st addendum dated 26 April 2023 and made between Tin Hou and SJM) regarding the provision of the Services to SJM
“Annual Cap(s)”	the relevant annual cap amounts of the Companies for the service fees received and 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 and slot machines are operated
“Grand Emperor Hotel”	Grand Emperor Hotel situated at 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
“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
“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, 25 January 2024

As at the date of this joint announcement:

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

APPENDIX – RECAP OF THE AGREEMENT

The following is the text extracted from the section headed “THE AGREEMENT” in the joint announcement of the Companies dated 30 December 2022, and the section headed “PROCEDURES LEADING TO AND BASIS OF DETERMINATION OF THE PERCENTAGE SHARING AND OTHER TERMS UNDER THE AGREEMENT” in the joint announcement of the Companies dated 21 February 2023.

- Date: 30 December 2022 (and as amended and supplemented by the 1st addendum dated 26 April 2023)
- 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.

As mentioned above, Tin Hou shall be entitled to a percentage sharing of the gross gaming revenue (the “**Percentage Sharing**”) as consideration for the provision of the Services. Before entering into the Agreement, terms of the Agreement were thoroughly discussed among representatives of SJM, Emperor E Hotel and other service providers of SJM to ensure alignment of the terms of the agreements. The management of Emperor E Hotel has also compared the Percentage Sharing with the historical percentage sharing on gross gaming revenue of other service providers of SJM based on the market available information. In addition, the Percentage Sharing was determined taken into account the current tax rate levied on the gaming revenue in accordance with the laws of Macau. The Percentage Sharing represents a majority of the monthly gross gaming revenue of the Gaming Area receivable after deducting the aforesaid taxes levied and the terms of the Agreement and the Percentage Sharing are substantially the same as the service agreement entered into between Tin Hou and SJM dated 19 February 2010 (and as varied, modified, amended, or supplemented from time to time).