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



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

DISCLOSEABLE TRANSACTION

**MAJOR TRANSACTION
AND CONNECTED TRANSACTION**

**IN RELATION TO THE SALE SHARE AND THE SALE LOAN OF
THE TARGET COMPANY**

SP AGREEMENT

On 15 July 2022 (after trading hours), the Vendor and the Purchaser entered into the SP Agreement, pursuant to which, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in the Target Company and the Vendor's loan due from the Target Company to the Vendor at a consideration of approximately HK\$471.6 million (subject to adjustments).

LISTING RULES IMPLICATIONS

Emperor International

The Transaction constitutes a discloseable transaction for Emperor International under Chapter 14 of the Listing Rules and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

Emperor E Hotel

The Transaction constitutes a major transaction and connected transaction for Emperor E Hotel under Chapter 14 and Chapter 14A of the Listing Rules and is subject to announcement, circular, independent shareholders' approval and reporting requirements under the Listing Rules.

The Boards announce that, on 15 July 2022 (after trading hours), the Vendor and the Purchaser entered into the SP Agreement with summary details as follows:-

SP AGREEMENT

Date: 15 July 2022
Vendor: Emperor Property
Purchaser: Poly Keen International

Pursuant to the SP Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Share and the Sale Loan.

Consideration and Payment Terms

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor shall be determined by the following formula:

$$\text{Consideration} = A + B - C$$

where:

- “A” means HK\$490,000,000, being the agreed value of the Property with reference to the preliminary fair market valuation of the Property as at 8 July 2022 as assessed by an independent professional valuer;
- “B” means the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment) as at the Completion Date as shown in the Pro-forma Completion Account; and
- “C” means the amount of all liabilities of the Target Group, including actual or contingent, accrued and deferred liabilities but excluding the Sale Loan, as at the Completion Date as shown in the Pro-forma Completion Account.

In accordance with the formula as set out above, the Consideration is estimated to be approximately HK\$471.6 million with reference to the Management Account, consisted of mainly (i) the agreed value of the Property of HK\$490.0 million with reference to the preliminary fair market valuation of the Property as at 8 July 2022 as assessed by an independent professional valuer; (ii) the carrying value/book value of the tangible assets of the Target Group (but excluding the Property and the fittings and equipment) of approximately HK\$2.1 million as at 30 June 2022; and (iii) the amount of all liabilities of the Target Group, but excluding the Sale Loan, of approximately HK\$20.5 million as at 30 June 2022.

The Consideration (subject to adjustments) shall be settled as follows:

- (a) An initial deposit of HK\$24,000,000 shall be paid by the Purchaser to the Vendor within 14 Business Days after signing of the SP Agreement; and
- (b) Subject to the adjustments, the balance of the Consideration, by reference to the Pro-forma Completion Account, shall be paid upon Completion.

The Consideration payable shall be settled by cash transfer to the designated bank account of the Vendor or such other method as mutually agreed by the Vendor and Purchaser from time to time.

Pro-forma Completion Account and Completion Account

Pursuant to the SP Agreement, the Vendor shall deliver to the Purchaser (i) the Pro-forma Completion Account within 5 Business Days prior to Completion; and (ii) the Completion Account together with the calculation of the final consideration with reference to the Completion Account (the “**Final Consideration**”) at Completion.

The Consideration payable shall be subject to the adjustments following agreement or determination of the Completion Account and the Final Consideration. The Consideration shall be adjusted in the following manner:

- (a) If the Final Consideration is less than the Consideration paid by the Purchaser at Completion, the Consideration shall be adjusted downward by such difference; or
- (b) If the Final Consideration is higher than the Consideration paid by the Purchaser at Completion, the Consideration shall be adjusted upward by such difference.

If the Consideration is adjusted downward, the Vendor shall pay to the Purchaser the amount of such difference; or vice versa. Such adjusted amount shall be payable within 5 Business Days after agreement or determination of the Completion Account. Notwithstanding anything hereinabove, the Final Consideration shall not exceed HK\$500.0 million.

Conditions Precedent

Completion is conditional upon the following conditions precedent having been satisfied:-

- (a) the Purchaser having completed its due diligence investigation on the business, financial, legal and other aspects of the Target Group and is reasonably satisfied with the results thereof;
- (b) the Vendor having proved the Property Holding Company's good title to the Property to the reasonable satisfaction of the Purchaser in accordance with Section 13 of the Conveyancing and Property Ordinance; and
- (c) Emperor E Hotel having obtained all required approvals at the SGM for the SP Agreement and the Transaction contemplated thereunder.

In the event that any of the foregoing conditions is not fulfilled (or waived by the Purchaser, except condition (c) above which cannot be waived) in accordance with the SP Agreement within 9 months from the date of the SP Agreement (or such later day as mutually agreed by the Vendor and the Purchaser in writing), the Purchaser shall be entitled to forthwith terminate the SP Agreement by notice in writing to the Vendor; and for the case of non-fulfilment of condition (c) above, the Vendor shall be entitled to forthwith terminate this Agreement by notice in writing to the Purchaser and the Vendor shall within 3 Business Days after the date of the said notice by the Purchaser or the Vendor return all the money previously paid by the Purchaser to it under the SP Agreement without any interest costs or compensation and upon termination of the SP Agreement as aforesaid, neither the Vendor nor the Purchaser shall have any claim against the other thereon save and except for any antecedent breach.

Completion

Subject to the fulfillment of all the above conditions precedent (or waived by the Purchaser, except condition (c) above which cannot be waived), Completion shall take place at or before 12:00 noon on the Completion Date (or at such time as may be agreed by the Vendor and Purchaser in writing) pursuant to the SP Agreement.

Immediately after Completion, the Target Company will become an indirect non-wholly owned subsidiary of Emperor E Hotel; on the other hand, the Target Company will become an indirect non-wholly owned subsidiary of Emperor International (through its shareholdings in Emperor E Hotel).

INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Company is a company incorporated in BVI and an indirect wholly-owned subsidiary of Emperor International. The principal business of the Target Company is investment holding of companies engaged in property investment in Hong Kong.

For the purpose of this announcement, assuming the Target Group had been formed since 1 April 2020, the unaudited pro forma combined financial information of the Target Group for the two years ended 31 March 2021 and 2022 is set out below:

	For the year ended 31 March 2022 (unaudited) HK\$ '000	For the year ended 31 March 2021 (unaudited) HK\$ '000
Revenue	-	-
Net profit before taxation	24,156	37,501
Net profit after taxation	24,156	37,521

The unaudited total asset value and net asset of the Target Group as at 30 June 2022 were approximately HK\$492.1 million and HK\$37.8 million respectively.

The Property is a 22-storey serviced apartments (including one retail shop on ground floor) situated at No.22 Davis Street, Hong Kong with a gross floor area of approximately 20,636 sq. ft. It offers a total of 57 rooms and is expected to commence operation in the second half of 2022.

Original Acquisition Costs of the Property

Based on the information provided by the Vendor, the original acquisition costs of the Property through construction and acquisition paid by the Property Holding Company were approximately HK\$449.1 million.

INFORMATION OF EMPEROR INTERNATIONAL AND THE VENDOR

Emperor International is an investment holding company and its subsidiaries are principally engaged in property investments, property development and hospitality in the Greater China and overseas. The Vendor is a direct wholly-owned subsidiary of Emperor International with principal business of investment holding.

INFORMATION OF EMPEROR E HOTEL AND THE PURCHASER

Emperor E Hotel is an investment holding company and its subsidiaries are principally engaged in provision of hospitality services in Hong Kong and Macau. The Purchaser is an indirect non-wholly owned subsidiary of Emperor E Hotel with principal business of investment holding.

POSSIBLE FINANCIAL EFFECT OF THE TRANSACTION ON EMPEROR INTERNATIONAL

Upon Completion, each company of the Target Group shall remain as a subsidiary of Emperor International, and the Target Group's results will continue to be consolidated into the financial statements of Emperor International. Accordingly, it is expected that there will be no gain or loss arising from the Transaction for Emperor International. Emperor International Shareholders should note that the actual amount of gain/loss on the Transaction to be recorded by Emperor International Group (if any) will be subject to review by the auditors of Emperor International.

The aforesaid estimation is for illustrative purpose only and does not purport to represent the financial position of Emperor International Group after Completion. The actual financial effect of the Transaction will be determined with reference to the financial status of the Target Group as at the Completion Date.

The net proceeds of approximately HK\$471.6 million (subject to adjustments) from the Transaction for Emperor International will be applied for future business development of Emperor International Group and as working capital.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Emperor E Hotel has been engaging in the provision of hospitality services for decades, and currently operates a total of three hotels and two serviced apartments in Hong Kong and Macau. The management of Emperor E Hotel considered the Transaction a good opportunity to utilise its financial resources to expand its business by acquiring a serviced apartment building within the scope of its principal business. The Transaction will widen its revenue base and extend its market presence by enriching Emperor E Hotel's assets portfolio.

Emperor E Hotel takes a positive view towards the hospitality sector in Hong Kong, and believes the sector will recover as soon as travel restrictions are relaxed in the near future. Emperor E Hotel believes that the demand for serviced apartments will resurge given: (i) business travels will resume progressively, taking into account that Hong Kong remains the key gateway for access to China's capital market and continues to play an important role within the Greater Bay Area; and (ii) hotels will shift their focus back from long-stay amid the Covid-19 pandemic to short-stay when international travel reopens, thereby reducing the competition between hotels and serviced apartments.

As a property developer, Emperor International is of the view that it is most appropriate for Emperor E Hotel which specialises in hospitality services to manage the serviced apartments that have been built. The Directors of Emperor International expect that the net proceeds from the Transaction will improve the liquidity of Emperor International and save up additional reserve for backing up its business development in the future.

The respective Boards (including the independent non-executive directors of Emperor International but excluding independent non-executive directors of Emperor E Hotel who will provide their views in the circular after considering the opinion of an independent financial adviser) are of the view that the terms of the SP Agreement are fair and reasonable and that they are on normal commercial terms and in the interests of both Emperor International and Emperor E Hotel and their respective shareholders as a whole.

IMPLICATION OF THE LISTING RULES

Emperor International

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 5% but less than 25%, the Transaction constitutes a discloseable transaction of Emperor International under Chapter 14 of the Listing Rules. Accordingly, the Transaction is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under the Listing Rules.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being common directors of Emperor International and Emperor E Hotel, did abstain from voting on the relevant resolution(s) of Emperor International to approve the Transaction.

Ms. Luk Siu Man, Semon, the Chairperson and a non-executive Director and Mr. Yeung Ching Loong, Alexander, an executive Director, did abstain from voting on the relevant resolution(s) of Emperor International in view of their deemed interest in the Transaction by virtue of being an associate of the eligible beneficiaries and one of the eligible beneficiaries respectively of the private discretionary trust which ultimately owns effective interest in Emperor E Hotel as to 53.13%.

Save as disclosed above, none of the other directors of Emperor International was required to abstain from voting on the resolution(s) to approve the Transaction.

Emperor E Hotel

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction exceeds 25% but less than 100%, the Transaction constitutes a major transaction of Emperor E Hotel under Chapter 14 of the Listing Rules. Given that Emperor E Hotel is indirectly owned as to approximately 71.11% by Emperor International, Emperor International is a connected person of Emperor E Hotel. Accordingly, the Transaction also constitutes a connected transaction for Emperor E Hotel under Chapter 14A of the Listing Rules and is subject to announcement, circular, independent shareholders' approval and reporting requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all independent non-executive directors of Emperor E Hotel has been established to advise the Independent Shareholders of Emperor E Hotel in respect of the terms of the SP Agreement and the Transaction contemplated thereunder and an independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders of Emperor E Hotel in the same regard.

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, being common directors of Emperor International and Emperor E Hotel, did abstain from voting on the relevant Board resolution(s) of Emperor E Hotel to approve the Transaction.

Ms. Luk Siu Man, Semon, the Chairperson and a non-executive Director, did abstain from voting on the relevant Board resolution(s) of Emperor E Hotel in view of her deemed interest in the Transaction by virtue of being an associate of the eligible beneficiaries of the private discretionary trust which ultimately owns Emperor International as to 74.71%.

Save as disclosed above, none of the other Emperor E Hotel Directors was required to abstain from voting on the Board resolution(s) to approve the Transaction.

GENERAL

A circular containing, amongst other, (i) further details of the Transaction; (ii) the financial information of the Target Group; (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders of Emperor E Hotel regarding the Transaction; (iv) the unaudited pro forma financial information of Emperor E Hotel Group upon Completion; (v) the valuation report of the Property; (vi) the financial information of Emperor E Hotel Group; (vii) other information as required under the Listing Rules; and (viii) a notice of SGM is expected to be despatched to Emperor E Hotel Shareholders. The Directors expected that the circular will be despatched on or before 15 August 2022 in order to allow sufficient time to prepare the necessary information for inclusion in the circular.

TERMS USED IN THIS JOINT ANNOUNCEMENT

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

“associate”	has the same meaning as ascribed to it in the Listing Rules
“Board(s)” or “Directors”	the board of directors of Emperor International and/or Emperor E Hotel (as the case maybe)
“Business Day(s)”	a day (other than a Saturday, Sunday, public holiday and a day on which a tropical cyclone No.8 or above or a “black” rainstorm warning is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which banks are open in Hong Kong and Macau to the general public for business
“BVI”	the British Virgin Islands
“Completion”	the completion of the Transaction in accordance with the terms and conditions of the SP Agreement
“Completion Account”	unaudited combined statement of financial position of the Target Group as at the Completion Date and unaudited combined statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2022 to the Completion Date, prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance, to be delivered to the Purchaser pursuant the SP Agreement
“Completion Date”	within 21 Business Days (or such later date as mutually agreed by the Vendor and Purchaser in writing) following satisfaction (or waived by the Purchaser as appropriate) of all the conditions precedent under the section headed “Conditions Precedent” in the announcement to Completion pursuant to the SP Agreement
“connected person (s)”	has the same meaning as ascribed to it in the Listing Rules
“Consideration”	the consideration of the Transaction
“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)
“Emperor E Hotel Group”	Emperor E Hotel and its subsidiaries from time to time
“Emperor E Hotel Shareholder(s)”	holder(s) of Emperor E Hotel’s share(s)
“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 from time to time
“Emperor International Shareholder(s)”	holder(s) of Emperor International’s shares
“HK\$”	Hong Kong dollars, being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all of the independent non-executive directors of Emperor E Hotel, established to advise the Independent Shareholders of Emperor E Hotel in respect of the Transaction
“Independent Shareholders of Emperor E Hotel”	Emperor E Hotel Shareholders who do not have material interest in the Transaction contemplated under the SP Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Management Account”	the unaudited combined management accounts of the Target Group comprising a combined statement of profit or loss and other comprehensive income for the period from 1 April 2022 to 30 June 2022 and a combined statement of financial position as at 30 June 2022
“Pro-forma Completion Account”	unaudited pro-forma combined statement of financial position of the Target Group as at the Completion Date and unaudited pro-forma combined statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2022 to the Completion Date prepared in accordance with accounting principles and practices generally accepted in Hong Kong and in compliance with the Companies Ordinance to be delivered to the Purchaser within 5 Business Days prior to Completion pursuant the SP Agreement
“Property”	the tower situated at No.22 Davis Street, Hong Kong
“Property Holding Company”	company within the Target Group holding the Property
“Purchaser” or “Poly Keen International”	Poly Keen International Limited, which is a company incorporated in BVI and is an indirect non-wholly owned subsidiary of Emperor E Hotel

“Sale Loan”	all loan, interest and all other sums owing by the Target Company to the Vendor as at Completion
“Sale Share”	1 share in the Target Company, representing all the issued share and the entire issued share capital of the Target Company
“SGM”	the special general meeting of Emperor E Hotel to be convened for the purpose of approving the SP Agreement and the Transaction
“SP Agreement”	the sale and purchase agreement dated 15 July 2022 entered into between the Vendor and the Purchaser in relation to the Transaction
“sq. ft.”	square feet
“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)
“Target Company”	Ever Explore Holdings Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of Emperor International
“Target Group”	the Target Company and its subsidiaries
“Transaction”	the sale and purchase of the Sale Share and the Sale Loan
“Vendor” or “Emperor Property”	Emperor Property Development Limited, which is a company incorporated in BVI and is a direct wholly-owned subsidiary of Emperor International
“%”	per cent

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

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

Hong Kong, 15 July 2022

As at the date of this joint announcement, the Board of Emperor International comprises:

Non-executive Director: Ms. Luk Siu Man, Semon

Executive Directors: Mr. Yeung Ching Loong, Alexander
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa
Mr. Cheung Ping Keung

Independent Non-executive Directors: Mr. Wong Tak Ming, Gary
Mr. Chan Hon Piu
Mr. Chu Kar Wing

As at the date of this joint announcement, the Board of Emperor E Hotel comprises:

Non-executive Director: Ms. Luk Siu Man, Semon

Executive Directors: Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors: Mr. Yu King Tin
Ms. Kwan Shin Luen, Susanna
Ms. Lai Ka Fung, May