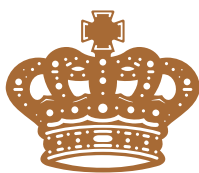


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英皇娛樂酒店有限公司
Emperor Entertainment Hotel Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 296)

MAJOR TRANSACTION
DISPOSAL OF ENTIRE EQUITY INTEREST IN TARGET COMPANY

THE DISPOSAL

On 31 October 2024, after trading hours, the Vendor and the Company (as the Vendor's Guarantor) entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell the Sale Share and the Sale Loan to the Purchaser at the Consideration, based on the agreed value of the Property of HK\$275.0 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Disposal is subject to announcement, circular, Shareholders' approval and reporting requirements under Chapter 14 of the Listing Rules.

The Company has obtained a written approval from its controlling Shareholder holding more than 50% of the voting rights as at the date of this announcement for the Disposal in lieu of holding a general meeting of the Company.

The Board announces that on 31 October 2024, after trading hours, the Vendor and the Company (as the Vendor's Guarantor) entered into the Sale and Purchase Agreement of the Sale Share and the Sale Loan with the Purchaser.

THE SALE AND PURCHASE AGREEMENT DATED 31 OCTOBER 2024

Vendor : Poly Keen International
Purchaser : Spring Investment Property
Vendor's Guarantor : the Company

Subject matter

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (a) the Sale Share; and (b) the Sale Loan.

Consideration and payment terms

The Consideration payable (subject to adjustments) by the Purchaser to the Vendor was arrived at arm's length negotiations between the Vendor and the Purchaser on normal commercial terms and shall be determined by the following formula:

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

where:

“A” means HK\$275.0 million, being the agreed value of the Property;

“B” means the aggregate of rental/licence fee receivables in respect of the Property which are, as at the Completion Date, less than thirty (30) days, deposits and prepayments to utility companies, government rent and rates for the Property but excluding, for the avoidance of doubt, deferred tax assets, the value of the Property, all fixtures, chattels, appliances, equipments and fittings to the Property and bank balances of the Target Group; and

“C” means the aggregate of all liabilities as at the Completion Date, including without limitation, all unpaid fees and expenses incurred and/or accrued by the Target Group in respect of the Property and in relation to the discharge of existing encumbrances, rental/license deposits received and receipts in advance in respect of the Property but excluding the Sale Loan, deferred tax liabilities, liabilities arising from building order issued or received after the date of the Sale and Purchase Agreement and liabilities arising from matters as set out under the Sale and Purchase Agreement.

In accordance with the formula as set out above, the Consideration is estimated to be approximately HK\$267.7 million with reference to the Management Accounts, consisting of mainly (i) the agreed value of the Property of HK\$275.0 million with reference to preliminary fair market valuation as at 30 September 2024 as indicated by an independent professional valuer; (ii) the aggregate of rental/licence fee receivables in respect of the Property less than thirty (30) days, deposits and prepayments to utility companies, government rent and rates for the Property of approximately HK\$0.1 million as at 30 September 2024; and (iii) the aggregate of all liabilities of the Target Group of approximately HK\$7.4 million as at 30 September 2024 after excluding the Sale Loan of approximately HK\$433.3 million.

The Consideration (subject to adjustments) shall be paid and satisfied by the Purchaser in the following manner:

- (a) a sum of HK\$13.5 million being initial deposit has been paid by the Purchaser to the Vendor's solicitors as stakeholders prior to the signing of the Sale and Purchase Agreement;
- (b) a sum of HK\$14.0 million being the further deposit has been paid by the Purchaser to the Vendor's solicitors as stakeholders on the date of signing of the Sale and Purchase Agreement; and
- (c) the balance of the Consideration shall be paid upon Completion by solicitors' cheque(s) or cashier order(s) and made payable to the Vendor's designated company.

Draft Completion Account and Audited Completion Account

Pursuant to the Sale and Purchase Agreement, the Vendor shall deliver to the Purchaser (i) the draft Completion Account within 5 Business Days prior to Completion together with the calculation of the Consideration with reference to the draft Completion Account; and (ii) the audited Completion Account ("**Audited Completion Account**") together with the calculation of the final consideration with reference to the Audited Completion Account ("**Final Consideration**") within ninety (90) days (or otherwise agreed by the Vendor and the Purchaser in writing) after Completion.

The Consideration payable shall be subject to the adjustments following agreement or determination of the Audited Completion Account and the Final Consideration in accordance with the terms of the Sale and Purchase Agreement.

The Consideration shall be adjusted in the following manner:

- (a) If the Final Consideration as determined above is less than the Consideration paid by the Purchaser, the Vendor shall repay to the Purchaser the excess amount within seven (7) Business Days after agreement or determination of the Audited Completion Accounts; or
- (b) If the Final Consideration as determined above is more than the Consideration paid by the Purchaser, the Purchaser shall pay to the Vendor the amount of such shortfall within seven (7) Business Days thereof.

Conditions precedent

Completion shall be conditional upon the following conditions precedent:

- (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 good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance;

- (c) all the representations, undertakings and warranties given by the Vendor under the Sale and Purchase Agreement remaining true, accurate, correct in all material respects up to Completion; and
- (d) the Vendor's Guarantor has obtained all necessary consents and approvals required for the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to obtaining Shareholders' approval in accordance with the Listing Rules for the Sale and Purchase Agreement and the transactions contemplated thereunder.

Completion

Completion shall take place at or before 4:00 p.m. on Monday, 16 December 2024 (or such other date as may be agreed between the Vendor and the Purchaser in writing).

Immediately after Completion, the Target Group will cease to be subsidiaries of the Company and the Company will cease to have any equity interest in the Target Company.

Guarantee

The Vendor's Guarantor has agreed to guarantee the performance by, and the obligations and liabilities of, the Vendor under the Sale and Purchase Agreement, subject to the terms and conditions as set out therein. The maximum claim under the Sale and Purchase Agreement should not exceed 50% of the Final Consideration.

INFORMATION OF THE COMPANY AND THE VENDOR

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

INFORMATION OF THE PURCHASER

The Purchaser is a company incorporated in Hong Kong. Its principal business is investment holding.

To the best of the Directors' knowledge, information and belief (having made all reasonable enquiries) and based on the information provided, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

INFORMATION OF THE TARGET GROUP AND THE PROPERTY

The Target Company is a company incorporated in the BVI and indirectly non-wholly owned by the Company. The principal business of the Target Company is investment holding and its subsidiary is principally engaged in the business of property investment and holding the Property.

The unaudited combined financial information of the Target Group for the two years ended 31 March 2023 and 2024 is as follows:

	For the year ended 31 March	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Revenue	8,537	5,292
(Loss) profit before taxation	(9,915)	43,756
(Loss) profit after taxation	(11,101)	43,756

The unaudited consolidated total asset value and net liabilities of the Target Group as at 30 September 2024 as stated in the Management Accounts were approximately HK\$275.1 million and approximately HK\$165.6 million, and the Sale Loan as stated in the Management Accounts amounted to approximately HK\$433.3 million as at 30 September 2024.

Information of the Property

The Property is a multi-storey leasing apartment offering more than 50 rooms situated at the Central and Western District in Hong Kong with a gross floor area of over 20,000 sq. ft. The Property will be sold to the Purchaser on an “as is” basis.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Company will not hold any equity interest in the Target Company and it will cease to be a subsidiary of the Company.

Taking into account (i) the Consideration of approximately HK\$267.7 million; (ii) the unaudited consolidated net liabilities of the Target Group as stated in the Management Accounts in the amount of approximately HK\$165.6 million; and (iii) the amount of Sale Loan as stated in the Management Accounts of approximately HK\$433.3 million, the Directors do not expect to recognise any gain/loss from the Disposal.

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

The net proceeds from the Disposal is approximately HK\$267.0 million (subject to adjustments), out of which, approximately 50% of the proceeds will be used for settling the outstanding balance of the acquisition of the building at Old Bailey Street, Central, Hong Kong pursuant to the announcement dated 24 May 2024, and the remaining for enrichment of working capital for its hospitality business and for general working capital of the Group.

REASONS AND BENEFITS OF THE DISPOSAL

The Group has been engaging in the provision of hospitality services in the past two decades, and currently operates a number of hotels and leasing apartments in Hong Kong and Macau.

The Directors undertake strategic review of the Group's assets from time to time with a view to maximising returns to the Shareholders. Having regard to the prevailing market condition, the Directors are of the view that it is a suitable opportunity to dispose of the Property. The Directors expected that the net proceeds from the Disposal will enhance the financial flexibility of the Group and enrich the working capital for the hospitality business in the future.

The Board considers that the terms and conditions for the Disposal are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES IN RELATION TO THE DISPOSAL

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. The Disposal is subject to announcement, circular, Shareholders' approval and reporting requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (b) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company has obtained written approval for the Disposal in accordance with Rule 14.44 of the Listing Rules from Emperor International Group Holdings Limited, who is the beneficial owner of 636,075,041 Shares (representing approximately 53.52% of the issued share capital of the Company) as at the date of this announcement. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Disposal.

GENERAL

A circular containing, among other things, further information of the Disposal, is expected to be published to the Shareholders on or before 21 November 2024.

TERMS USED IN THIS ANNOUNCEMENT

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

“Board” or “Directors”	the board of directors of the Company
“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 generally open in Hong Kong to the general public for business
“BVI”	the British Virgin Islands
“Company” or “Vendor’s Guarantor”	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 (Stock Code: 296)
“Completion”	the completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Account”	the unaudited consolidated management accounts of the Target Group comprising the unaudited consolidated statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2024 to the Completion Date and the unaudited consolidated statement of financial position of the Target Group as at the Completion Date
“Completion Date”	the date on which Completion takes place
“Consideration”	the consideration of the Disposal
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser under the Sale and Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Group”	the Company and its subsidiaries from time to time, including but not limited to the Target Group
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Accounts”	the unaudited consolidated management accounts of the Target Group together with adjustments as set out in the Sale and Purchase Agreement comprising the unaudited consolidated statement of financial position of the Target Group made up as at the Management Accounts Date and the unaudited consolidated statement of profit or loss and other comprehensive income of the Target Group for the period from 1 April 2024 to the Management Accounts Date
“Management Accounts Date”	30 September 2024
“Poly Keen International” or “Vendor”	Poly Keen International Limited, a company incorporated in the BVI and indirectly non-wholly owned by the Company
“Property”	all those pieces or parcels of ground registered in the Land Registry of Hong Kong as the remaining portion of Subsection 11 of Section A of Inland Lot No.905, Section A of Subsection 11 of Section A of Inland Lot No.905 and the remaining portion of Section A of Inland Lot No.905 together with all the messuages erections and buildings thereon
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 October 2024 entered into between the Vendor, the Company and the Purchaser in relation to the Disposal
“Sale Loan”	all loan, interest and all other sums owing by the Target Group to the Vendor as at Completion
“Sale Share”	1 share of US\$1.00 in the Target Company, which represents all the issued share and the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Spring Investment Property” or “Purchaser”	Spring Investment Property Limited is a company incorporated in Hong Kong whose principal business is investment holding
“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”	Bausman Limited, a company incorporated in the BVI and an indirect non-wholly owned subsidiary of the Company
“Target Group”	Target Company and its subsidiary
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 31 October 2024

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

<i>Non-executive Director:</i>	Ms. Luk Siu Man, Semon
<i>Executive Directors:</i>	Ms. Fan Man Seung, Vanessa Mr. Wong Chi Fai
<i>Independent Non-executive Directors:</i>	Ms. Lai Ka Fung, May Mr. Yeung Man Sun Mr. Chan Hon Piu