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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)

**2021/2022 INTERIM RESULTS ANNOUNCEMENT**

The board of directors (the “**Board**” or “**Directors**”) of Emperor Entertainment Hotel Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2021 (the “**Period**”).

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	<b>223,379</b>	92,875
Gaming revenue	<b>149,731</b>	51,094
– From mass market hall	<b>108,597</b>	37,205
– From VIP room	<b>31,655</b>	6,028
Hotels and serviced apartments revenue	<b>73,648</b>	41,781
Gross loss	<b>(22,131)</b>	(108,425)
Loss attributable to owners of the Company	<b>(83,968)</b>	(141,810)
Basic loss per share	<b>HK\$(0.07)</b>	HK\$(0.12)
Dividends		
Special dividend per share	<b>HK\$0.05**</b>	–
Interim dividend per share	<b>HK\$0.015</b>	HK\$0.015

\* for identification purpose only

\*\* the relevant special dividend was distributed in June 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

Supported by a gradual recovery of the gaming market in Macau, the Group's total revenue increased to HK\$223.4 million (2020: HK\$92.9 million) during the Period. Though there were a few sporadic Covid-19 outbreaks in Macau and mainland China during the Period, visitation to Macau has been picking up and entertainment and consumption sentiments have improved. The Group's gaming revenue increased by 193.0% to HK\$149.7 million (2020: HK\$51.1 million), accounting for 67.0% (2020: 55.0%) of the total revenue. Loss for the Period attributable to the owners of the Company was narrowed to HK\$84.0 million (2020: HK\$141.8 million). Basic loss per share was HK\$0.07 (2020: HK\$0.12). The Board has resolved to declare an interim dividend of HK\$0.015 (2020: HK\$0.015) per share. Together with the special dividend of HK\$0.05 per share, which was distributed in June 2021, dividends relevant to the Period totalled HK\$0.065 per share.

### BUSINESS REVIEW

The Group principally engages in provision of entertainment and hospitality services. It currently operates five hotel and hotel-related projects in Macau and Hong Kong, as follows:

- Grand Emperor Hotel (“**Grand Emperor Hotel**”), a hotel with gaming facilities in Macau;
- The Emperor Hotel (“**Emperor Hotel**”) and Inn Hotel Macau (“**Inn Hotel**”), which are in Hong Kong and Macau, respectively; and
- The Unit Serviced Apartments (“**The Unit**”) and MORI MORI Serviced Apartments (“**MORI MORI**”) in Hong Kong.

On 28 May 2021, the Group acquired Emperor Hotel, The Unit and MORI MORI from Emperor International Holdings Limited (“**Emperor International**”), its parent company, through the acquisition of subsidiaries (details as shown under the section headed “Financial and Other Information”) at a cash consideration of approximately HK\$2,048.8 million (the “**Acquisition**”). Upon completion of the Acquisition, the Group retains its core focus on gaming hotel operations, with the sources of income widened by expanding its hospitality business coverage beyond Macau to also include Hong Kong.

### **About Grand Emperor Hotel**

Grand Emperor Hotel, the Group's flagship project, on the Macau Peninsula, is an award-winning 26-storey gaming hotel with a gross floor area of approximately 655,000 square feet and 311 guest rooms. It has six gaming floors, covering over 130,000 square feet, and offers slot machines as well as gaming tables in the mass market hall and the VIP room. In addition, Grand Emperor Hotel offers a wide range of amenities including fitness centre, sauna and spa facilities, as well as five restaurants and bars boasting fine cuisines from all around the world. With strong commitment to providing guests with unparalleled entertainment and hospitality experiences, the Group delivers consistently top-quality services that translate into high levels of customer satisfaction and loyalty.

### **About Emperor Hotel**

Emperor Hotel, a 29-storey hotel in Wan Chai, is the Group's signature project in Hong Kong. It offers 299 guest rooms together with leisure, dining and parking facilities, with a gross floor area of approximately 115,000 square feet. Emperor Hotel creates a comfortable experience, catering to the lifestyles of both leisure and business travellers. Golden Valley, a Cantonese & Sichuan cuisine within the hotel, had been rated as a Michelin 1-star restaurant.

### **About Inn Hotel**

Located at the heart of Macau's Taipa Island, Inn Hotel is a 17-storey hotel with a gross floor area of approximately 209,000 square feet, and 287 guest rooms. Through extending business coverage from the Macau Peninsula to Taipa, it enables the Group to fully capture the potential of Macau's hospitality market.

### **About The Unit**

The Unit, a 21-storey, 68-unit block in Happy Valley, is a highly sought-after residence given its ease of access to the central business district. The area is vibrant, conveniently located near Hong Kong's commercial districts, and affords easy access to the shopping districts in Causeway Bay, Hong Kong Jockey Club and Hong Kong Stadium for international sports events, and Hong Kong Sanatorium & Hospital for medical check-ups, helping to ensure solid short-term leasing demand.

### **About MORI MORI**

Situated at the vibrant junction of Wan Chai and Causeway Bay, MORI MORI provides 18 stylish serviced apartments for expats, MICE visitors, business travellers and overseas professionals, on short-and long-term leases. With state-of-the-art facilities and professional customer services, MORI MORI redefines the contemporary way of life.

## **Gaming Revenue**

The Group's casino in Grand Emperor Hotel is operated under the gaming licence held by SJM Resorts, Limited ("SJM"), previously known as Sociedade de Jogos de Macau, S.A..

### ***Mass Market Hall***

The mass market gross win during the Period was HK\$190.7 million (2020: HK\$65.3 million). Revenue from the mass market hall increased by 191.9% to HK\$108.6 million (2020: HK\$37.2 million), contributing 72.5% (2020: 72.8%) of the Group's total gaming revenue. There were 67 (2020: 67) tables in the mass market hall. Average win per table per day was approximately HK\$15,600 (2020: HK\$5,300).

### ***VIP Room***

The Group self-managed a VIP room with 10 (2020: 10) tables. The rolling amount during the Period was HK\$1,962.4 million (2020: HK\$226.9 million). Revenue from the VIP room increased by 426.7% to HK\$31.6 million (2020: HK\$6.0 million), contributing 21.2% (2020: 11.8%) of the Group's total gaming revenue. Average win per table per day was approximately HK\$30,500 (2020: HK\$5,800).

### ***Slot Machines***

With a capacity of 180 (2020: 180) slot seats as at 30 September 2021, the gross win from slot machines during the Period was HK\$20.0 million (2020: HK\$16.6 million). Revenue from the slot machines increased by 20.3% to HK\$9.5 million (2020: HK\$7.9 million), accounting for 6.3% (2020: 15.4%) of the Group's total gaming revenue. Average win per seat per day was HK\$607 (2020: HK\$502).

## **Hotels and Serviced Apartments Revenue**

Although travel restrictions continued to impact on the tourism and hospitality industries during the Period, the Group's revenue base was widened after the Acquisition on 28 May 2021, which resulted in the hotels and serviced apartments revenue for the Period increasing by 76.3% to HK\$73.7 million (2020: hotel revenue of HK\$41.8 million), accounting for 33.0% (2020: 45.0%) of the Group's total revenue. Total room revenue was HK\$24.6 million (2020: HK\$15.2 million). Total food and beverage revenue was HK\$38.1 million (2020: HK\$18.7 million), while the rental income and other revenue totalled HK\$11.0 million (2020: HK\$7.9 million).

## **OUTLOOK**

With the expansion of the middle-income group in mainland China, more comprehensive transportation linkages, plus further integration into the Greater Bay Area, Macau's position as a global leisure and tourism hub will be reinforced, as well as Hong Kong's position as a popular shopping destination and international finance centre. These will benefit the entertainment and hospitality services sectors in Macau and Hong Kong, given that travellers invariably include both cities in a single itinerary, due to their close proximity while having distinct characteristics yet complementary positioning. With the Group now strategically owning several hotels and serviced apartments in Hong Kong and Macau, it will be able to adopt a comprehensive marketing strategy for its hospitality business as a whole, and deliver unparalleled services to travellers visiting both these cities.

Amid the uncertainties caused by Covid-19, the Group will continue to closely monitor the development of the pandemic situation and strictly adhere to all necessary safety measures in its hotels and serviced apartments. As soon as the travel restrictions and health quarantine measures across borders within the Greater Bay area are eased, the Group expects that visitation and spending will rebound afterwards, resulting in a boost to the tourism industry in Macau and Hong Kong altogether. The Group strives to stay competitive in the marketplace, and anticipates reaping the greatest possible benefits when the market revives.

## **FINANCIAL AND OTHER INFORMATION**

### **Capital Structure, Liquidity and Financial Resources**

During the Period, the Group utilised approximately HK\$2,048.8 million for the Acquisition, hence its aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits decreased to HK\$1,166.3 million (31 March 2021: HK\$3,340.1 million) as at 30 September 2021, which is mainly denominated in Hong Kong dollar (31 March 2021: Hong Kong dollar and Renminbi). The Group continued to maintain a strong financial position and funded its operations and capital expenditure by cash generated from its operations and deposits reserved at the banks. During the Period, the Group was not exposed to significant foreign exchange rates as most of the Group's assets, liabilities and transactions were transacted at and denominated in the functional currency of its foreign operations.

The Group's current assets and current liabilities as at 30 September 2021 were HK\$1,260.3 million (31 March 2021: HK\$3,458.1 million) and HK\$371.0 million (31 March 2021: HK\$357.3 million), respectively. As at 30 September 2021, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (31 March 2021: the advances from non-controlling interests of a subsidiary of HK\$39.0 million), which were denominated in Hong Kong dollar, unsecured and interest-free, among which HK\$39.0 million was repayable at the discretion of non-controlling interests and availability of surplus fund of a subsidiary, and the remaining HK\$0.5 million was repayable by another subsidiary after payment of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The Group was in a net cash position as at 30 September 2021 and hence its gearing ratio (calculated as net debt divided by total equity plus net debt) was zero (31 March 2021: zero).

During the Period, the Company had repurchased 12,270,000 shares (the “**Repurchased Shares**”) of its own shares from the market using internal resources, at an aggregate consideration of HK\$14.6 million, and an average price of HK\$1.187 per share. The Repurchased Shares had been cancelled during the Period, and hence the total number of issued shares of the Company right after its cancellation was reduced by about 1.0% to 1,197,305,983 (31 March 2021: 1,209,575,983) shares and its issued share capital was HK\$120,000 (31 March 2021: HK\$121,000) as at 30 September 2021. Having considered the Group's strong cash reserves, the Directors believe the share repurchases would enhance value to the Company's shareholders and benefit the Company and its shareholders as a whole.

### **Pledge of Assets**

As at 30 September 2021, assets with carrying values of approximately HK\$2.0 billion (31 March 2021: HK\$2.0 billion) were pledged to two banks as security for banking facilities of a total of HK\$520.0 million (31 March 2021: HK\$520.0 million). The facilities remained undrawn and available as at 30 September 2021 and 31 March 2021. In addition, the Group has a bank deposit of HK\$64.1 million (31 March 2021: HK\$63.0 million) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas 65.4 million (equivalent to HK\$62.6 million) in favour of SJM for the Group's fulfilment of all its obligations, as stipulated under the service agreement between the Group and SJM, and another bank deposit of HK\$0.4 million (31 March 2021: HK\$0.4 million) pledged as security deposit for the use of ferry ticket equipment provided by a third party.

### **Acquisition of Subsidiaries**

On 28 May 2021, an indirect non-wholly owned subsidiary of the Company completed the acquisition of the entire equity interest of Poly Keen International Limited (“**Poly Keen**”) and the loan due by Poly Keen to a direct wholly-owned subsidiary of Emperor International at a cash consideration of HK\$2,048.8 million, details of which were set out in the joint announcement of the Company and Emperor International dated 16 March 2021 and the Company's circular dated 30 April 2021.

Poly Keen and its subsidiaries (collectively referred to as “**Poly Keen Group**”) are principally engaged in hospitality business and property investment in Hong Kong.

### **EMPLOYEES AND REMUNERATION POLICY**

After the Acquisition, the Group’s number of employees as at 30 September 2021 increased to 869 (31 March 2021: 770). Total staff costs including Directors’ remuneration and the other staff costs for the Period were HK\$172.7 million (2020: HK\$154.1 million). Each employee’s remuneration was determined in accordance with individual’s responsibilities, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentive or reward to the staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed “Share Options” of the Company’s interim report.

### **INTERIM DIVIDEND**

The Board declares an interim dividend of HK\$0.015 per share (“**Interim Dividend**”) (2020: HK\$0.015 per share) amounting to approximately HK\$18.0 million (2020: HK\$18.2 million). The Interim Dividend will be payable on 23 December 2021 (Thursday) to shareholders whose names appear on the register of members of the Company on 14 December 2021 (Tuesday).

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 13 December 2021 (Monday) to 14 December 2021 (Tuesday) (both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 10 December 2021 (Friday).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2021*

	<i>Notes</i>	Six months ended	
		30 September	
		2021	2020
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue			
Contracts with customers	3(a)	212,633	84,956
Leases	3(b)	10,746	7,919
		<hr/>	<hr/>
Total revenue		223,379	92,875
Cost of sales		(12,450)	(6,500)
Cost of hotel and gaming operations		(230,338)	(194,800)
Direct operating expenses in respect of leasing of investment properties		(2,722)	–
		<hr/>	<hr/>
Gross loss		(22,131)	(108,425)
Other income		11,537	34,697
Fair value changes of investment properties		37,300	(14,300)
Other gain and loss		3,888	(2,676)
Impairment allowance reversed for trade receivables		–	79
Selling and marketing expenses		(42,667)	(12,702)
Administrative expenses		(90,552)	(78,110)
Finance costs	5	(1,383)	(745)
		<hr/>	<hr/>
Loss before taxation	6	(104,008)	(182,182)
Taxation credit	7	1,134	7,829
		<hr/>	<hr/>
Loss for the period		(102,874)	(174,353)
		<hr/>	<hr/>
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes of debt instruments at fair value through other comprehensive income		–	854
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		–	(3,270)
		<hr/>	<hr/>
Other comprehensive expense for the period		–	(2,416)
		<hr/>	<hr/>
Total comprehensive expense for the period		<b>(102,874)</b>	<b>(176,769)</b>
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*For the six months ended 30 September 2021*

		<b>Six months ended</b>	
		<b>30 September</b>	
	<i>Note</i>	<b>2021</b>	2020
		<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Loss for the period attributable to:			
Owners of the Company		<b>(83,968)</b>	(141,810)
Non-controlling interests		<b>(18,906)</b>	(32,543)
		<u><b>(102,874)</b></u>	<u>(174,353)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		<b>(83,968)</b>	(144,409)
Non-controlling interests		<b>(18,906)</b>	(32,360)
		<u><b>(102,874)</b></u>	<u>(176,769)</u>
Loss per share	9		
Basic		<u><b>HK\$(0.07)</b></u>	<u>HK\$(0.12)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2021*

		As at 30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Non-current assets			
Investment properties		1,176,800	624,500
Property, plant and equipment		2,607,547	1,140,345
Right-of-use assets		455,134	459,271
Deposits paid for acquisition of property, plant and equipment		14,918	12,712
Pledged bank deposit		64,134	63,000
Goodwill		110,960	110,960
		<b>4,429,493</b>	2,410,788
Current assets			
Inventories, at cost		12,267	11,738
Trade and other receivables	10	145,876	169,271
Pledged bank deposit		353	353
Short-term bank deposits		164,901	1,415,665
Bank balances and cash		936,866	1,861,052
		<b>1,260,263</b>	3,458,079
Current liabilities			
Trade and other payables	11	138,636	127,257
Amounts due to fellow subsidiaries		3,143	3,137
Amounts due to non-controlling interests of subsidiaries		39,523	39,000
Taxation payable		187,521	186,641
Lease liabilities		2,189	1,234
		<b>371,012</b>	357,269
Net current assets		<b>889,251</b>	3,100,810
Total assets less current liabilities		<b>5,318,744</b>	5,511,598

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	As at	
	30 September	31 March
	2021	2021
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Non-current liabilities		
Lease liabilities	29,493	26,110
Deferred taxation	88,189	88,233
	<u>117,682</u>	<u>114,343</u>
Net assets	<u>5,201,062</u>	<u>5,397,255</u>
Capital and reserves		
Share capital	120	121
Reserves	4,256,604	4,433,573
Equity attributable to owners of the Company	4,256,724	4,433,694
Non-controlling interests	944,338	963,561
Total equity	<u>5,201,062</u>	<u>5,397,255</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2021

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by The Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2021.

### 1A. SIGNIFICANT EVENTS AND TRANSACTION IN THE CURRENT INTERIM PERIOD

The ongoing Covid-19 pandemic and the corresponding quarantine measures as well as travel restrictions continued to have an adverse effect on the Group’s operating results for the Period. However, it showed an improvement in comparison with the last corresponding period. Supported by a gradual recovery of the gaming market in Macau as result of the ease of Macau’s entry requirements/quarantine measures and an improvement in entertainment and consumption sentiments, mainly among mainland China visitors, the gaming revenue of the Group increased apparently during the Period as compared to the last corresponding period. In addition, the completed Acquisition has enabled the Group to expand its business coverage and widen its income source beyond Macau to Hong Kong.

Despite the Group had utilised HK\$2,048,832,000 for the Acquisition, it maintained a strong cash position (including short-term bank deposits and bank balances and cash) in a total of HK\$1,101,767,000 and was in a net cash position with a zero gearing ratio (calculated as net debt divided by total equity plus net debt) as of 30 September 2021. Hence, the financial position of the Group remained stable.

At present, given the evolving conditions of and in response to the Covid-19 pandemic, including the appearance of Covid-19 variants, the Group is unable to foresee the change in travel restrictions which is subject to the development of the pandemic situation. Since the duration and future development of the Covid-19 pandemic are uncertain, the relevant financial implication to the Group may remain in the future results. The management will closely monitor the developments of the pandemic situation and continue to strictly control daily operational and capital expenditures as well as adjust the business strategies of the Group in order to mitigate any adverse impact that may happen in the future.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and in respect of business combinations as a result of the Acquisition, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those presented in the preparation of the Group’s annual financial statements for the year ended 31 March 2021.

### **Application of amendments to HKFRSs**

In the Period, the Group has applied, the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
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The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### **Application of accounting policies in respect of business combinations**

#### ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date;

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Application of accounting policies in respect of business combinations (Continued)

#### Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

### 3. REVENUE

#### (a) Contracts with customers

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
An analysis of the Group's revenue is as follows:		
<b>Recognised over time:</b>		
Gaming revenue:		
– Service income from gaming transactions in mass market hall	108,597	37,205
– Service income from gaming transactions in VIP room	31,655	6,028
– Service income from gaming transactions in slot machine hall	9,479	7,861
	<u>149,731</u>	51,094
Hotel revenue:		
– Hotel room income	24,607	15,138
	<u>174,338</u>	66,232
<b>Recognised at a point in time:</b>		
Hotel revenue:		
– Food and beverage sales	38,051	18,724
– Others	244	–
	<u>38,295</u>	18,724
<b>Revenue from contracts with customers</b>	<b><u>212,633</u></b>	<b><u>84,956</u></b>
Gaming revenue	149,731	51,094
Hotel revenue	62,902	33,862
<b>Revenue from contracts with customers</b>	<b><u>212,633</u></b>	<b><u>84,956</u></b>

#### *Transaction price allocated to the remaining performance obligations for contracts with customers*

All sales or services rendered for gaming and hotel transactions are for contracts with an original period of one year or less. As a practical expedient under HKFRS 15, the transaction price allocated to these remaining performance obligations is not disclosed.

### 3. REVENUE (Continued)

#### (b) Leases

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Total revenue arising from leases:</b>		
– Operating lease payments that are fixed	<b>10,746</b>	<b>7,919</b>

### 4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision maker (“CODM”). The CODM review the Group’s internal reporting in order to assess performance and allocate resources.

During the Period, the Group acquired the business engaging in hotel and hotel-related operations and lease of investment properties in Hong Kong by acquisition of Poly Keen Group (as detailed in note 12), and it is considered as a new operating and reporting segment by the CODM. In light of the businesses acquired during the Period, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reporting segments by geographical operations, which are Macau operations and Hong Kong operations, respectively. The CODM are of the view that the revised presentation of the operating segment information better reflects the Group’s operations and this is consistent with the internal information regularly reviewed by the CODM for the purposes of resources allocation and assessment of performance. Prior period segment disclosures have been represented to conform with the current period’s presentation.

The Group’s operating segments are classified as (i) Macau operations and (ii) Hong Kong operations. The details of the Group’s operating segments are as follows:

- (i) Macau operations
  - Operations in Macau derive revenues from gaming, hotel and leasing transactions: (a) gaming revenue from services rendered for mass market hall, VIP room and slot machine hall transactions and provision of gaming-related marketing and public relation services for Grand Emperor Hotel in Macau, (b) hotel revenue from sales or services rendered in Grand Emperor Hotel and Inn Hotel and (c) leasing revenue from investment properties in these hotels in Macau.
- (ii) Hong Kong operations
  - Operations in Hong Kong derive revenues from hotel and leasing transactions: (a) hotel revenue from sales or services rendered in a hotel in Hong Kong and (b) leasing revenue from investment properties in the hotel and serviced apartments in Hong Kong.

The CODM assess the performance of individual operating and reportable segments based on a measure of adjusted loss before interest, tax, depreciation and amortisation, exchange gain (loss) at corporate level, gain on disposal of debt instruments at fair value through other comprehensive income (“FVTOCI”) and fair value changes of investment properties (the “Adjusted LBITDA”).

#### 4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

##### Segment revenue and results

For the six months ended 30 September 2021

	Macau operations (Unaudited) HK\$'000	Hong Kong operations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>SEGMENT REVENUE</b>			
Gaming revenue	149,731	–	149,731
Hotel revenue	42,087	20,815	62,902
Leasing revenue	5,866	4,880	10,746
	<u>197,684</u>	<u>25,695</u>	<u>223,379</u>
Total	<u>197,684</u>	<u>25,695</u>	<u>223,379</u>
Segment result based on the Adjusted LBITDA			
	<u>(80,658)</u>	<u>(386)</u>	<u>(81,044)</u>
Bank interest income			10,764
Depreciation of property, plant and equipment			(63,524)
Depreciation of right-of-use assets			(10,009)
Exchange gain at corporate level			3,888
Fair value changes of investment properties			37,300
Finance costs			<u>(1,383)</u>
Loss before taxation			<u>(104,008)</u>

**4. SEGMENT INFORMATION** *(Continued)*  
**Segment revenue and results** *(Continued)*  
For the six months ended 30 September 2020

	Macau operations (Unaudited) <i>HK\$'000</i>	Hong Kong operations (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
<b>SEGMENT REVENUE</b>			
Gaming revenue	51,094	–	51,094
Hotel revenue	33,862	–	33,862
Leasing revenue	7,919	–	7,919
	<u>92,875</u>	<u>–</u>	<u>92,875</u>
Total	<u>92,875</u>	<u>–</u>	<u>92,875</u>
Segment result based on the Adjusted LBITDA	<u>(139,422)</u>	<u>–</u>	<u>(139,422)</u>
Bank interest income			29,589
Interest income from debt instruments at FVTOCI			921
Gain on disposal of debt instruments at FVTOCI			3,270
Depreciation of property, plant and equipment			(48,758)
Depreciation of right-of-use assets			(10,061)
Exchange loss at corporate level			(2,676)
Fair value changes of investment properties			(14,300)
Finance costs			<u>(745)</u>
Loss before taxation			<u>(182,182)</u>

Other than the segment information disclosed above, there was no other information reviewed by the CODM for both periods.

**Segment assets and liabilities**

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the CODM for review.

## 5. FINANCE COSTS

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on:		
– bank borrowings	621	–
– lease liabilities	494	507
	<u>1,115</u>	<u>507</u>
Bank charges	268	238
	<u>1,383</u>	<u>745</u>

## 6. LOSS BEFORE TAXATION

	Six months ended	
	30 September	
	2021	2020
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging/ (crediting):		
Commission expenses in gaming transactions (included in selling and marketing expenses)	29,163	4,832
Depreciation of property, plant and equipment	63,524	48,758
Depreciation of right-of-use assets	10,009	10,061
Exchange (gain) loss (included in other gain and loss)	(3,888)	2,676
Bank interest income (included in other income)	(10,764)	(29,589)
Interest income from debt instruments at FVTOCI (included in other income)	–	(921)
Gain on disposal of debt instruments at FVTOCI (included in other income)	–	(3,270)
	<u>–</u>	<u>(3,270)</u>

## 7. TAXATION CREDIT

	Six months ended 30 September	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Macau Complementary Tax (“CT”)		
– current period	(872)	(166)
Deferred taxation	<u>2,006</u>	<u>7,995</u>
Taxation credit	<u><u>1,134</u></u>	<u><u>7,829</u></u>

The CT is calculated at the applicable rate of 12% of the estimated assessable profits for both periods.

No provision for Hong Kong Profits Tax has been made in the unaudited condensed consolidated financial statements as the Group has no estimated assessable profits for both periods.

## 8. DIVIDENDS

A dividend of HK\$0.015 (2020: HK\$0.030) per share with an aggregate amount of approximately HK\$17,960,000 (2020: HK\$36,833,000) was paid to the shareholders of the Company during the respective periods as the final dividend for the years ended 31 March 2021 and 31 March 2020. A dividend of HK\$0.050 per share with an aggregate amount of approximately HK\$59,865,000 was paid to the shareholders of the Company during the Period as the special dividend for the year ending 31 March 2022 (2020: Nil).

The Board has resolved to declare an interim dividend of HK\$0.015 (2020: HK\$0.015) per share for the Period.



## 10. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Trade receivables	46,759	61,841
Less: Impairment allowance	(20,879)	(20,879)
	<u>25,880</u>	<u>40,962</u>
Chips on hand	61,644	54,666
Other receivables and prepayments	58,352	73,643
	<u>145,876</u>	<u>169,271</u>

An ageing analysis of the Group's trade receivables (net of impairment allowance) based on the date of credit granted or the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
0 – 30 days	9,339	25,905
31 – 60 days	853	959
61 – 90 days	830	359
91 – 180 days	1,922	839
Over 180 days	12,936	12,900
	<u>25,880</u>	<u>40,962</u>

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the credit periods are extended to a longer period.

Chips on hand represent chips issued by a gaming concessionaire in Macau which can be exchanged into their cash amounts.

## 11. TRADE AND OTHER PAYABLES

	As at	
	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
Trade payables	9,105	9,374
Chips in custody and deposits from gaming patrons	19,439	19,730
Construction payables and accruals	1,352	1,058
Other payables and accruals	77,284	66,159
Accrued staff costs	13,456	12,936
Short-term advance	18,000	18,000
	<u>138,636</u>	<u>127,257</u>

An ageing analysis of the Group's trade payables based on the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2021 (Unaudited) HK\$'000	31 March 2021 (Audited) HK\$'000
0 – 30 days	4,048	3,552
31 – 60 days	4,608	5,247
61 – 90 days	41	317
91 – 180 days	92	74
Over 180 days	316	184
	<u>9,105</u>	<u>9,374</u>

Other payables and accruals mainly include accrued commission expenses in gaming operation, other accrued expenses and other deposits.

## 12. ACQUISITION OF SUBSIDIARIES

On 28 May 2021, Emperor Hotel Investment Limited (“**Emperor Hotel Investment**”), an indirect non-wholly owned subsidiary of the Company, completed the acquisition of the entire equity interest of Poly Keen and the loan due by Poly Keen to Emperor Hotel Group Limited (“**Emperor Hotel Group**”), a direct wholly-owned subsidiary of Emperor International, at a total cash consideration of HK\$2,048,832,000. Poly Keen Group are principally engaged in hospitality business and property investment in Hong Kong. The Acquisition has been accounted for as acquisition of business using the acquisition method and no goodwill was recognised as a result of the Acquisition.

Acquisition-related costs amounting to HK\$1,578,000 have been excluded from the consideration transferred and have been recognised directly as an expense in the period within the “administrative expenses” line item in the condensed consolidated statement of profit or loss or other comprehensive income.

Fair values of assets and liabilities of Poly Keen Group recognised at the date of the Acquisition are as follows:

	<b>(Unaudited)</b> <b>HK\$’000</b>
Investment properties	515,000
Property, plant and equipment	1,525,489
Inventories	763
Trade and other receivables	7,843
Bank balances and cash	18,824
Trade and other payables	(15,902)
Taxation payable	(8)
Amount due to non-controlling interests of a subsidiary	(2,090)
Deferred taxation	(1,962)
	<u>2,047,957</u>

Goodwill arising on the Acquisition:

Consideration paid in cash	2,048,832
Add: Non-controlling interests	(875)
Less: Net assets acquired	(2,047,957)
	<u>–</u>

**12. ACQUISITION OF SUBSIDIARIES** *(Continued)*

Net cash outflows arising on the Acquisition for the Period:

	<b>(Unaudited)</b> <b>HK\$'000</b>
Cash consideration paid	<b>(2,048,832)</b>
Less: cash and cash equivalent balances acquired	<u><b>18,824</b></u>
	<u><u><b>(2,030,008)</b></u></u>

Included in the loss for the Period of the Group is HK\$1,509,000 attributable to Poly Keen Group. Revenue for the Period includes HK\$25,695,000 that is attributable to Poly Keen Group.

Had the Acquisition been effected at the beginning of the Period, the total amount of revenue of the Group for the Period would have been HK\$233,801,000, and the amount of loss for the Period would have been HK\$113,958,000.

## REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu (Registered Public Interest Entity Auditor), but have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

## CORPORATE GOVERNANCE

### Corporate Governance Code

The Company has complied throughout the Period with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

### Model Code for Securities Transactions

The Board has adopted its own code of conduct regarding securities transactions by Directors ("**EEH Securities Code**") on no less exacting terms than the required standards as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"). Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code and the EEH Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted throughout the Period.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company repurchased a total of 12,270,000 shares of the Company ("**Shares**") at an aggregate consideration of HK\$14,561,200 (before expenses) on the Stock Exchange, the particulars of which are as follows:

Month of Shares repurchase	Number of Shares repurchased	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
April 2021	<u>12,270,000</u>	1.29	1.09	<u>14,561,200</u>

As at 30 September 2021, all of the Repurchased Shares were cancelled. The repurchase was made with a view to enhancing the net asset value and/or earnings per Share.

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As at 30 September 2021, there was a total of 1,197,305,983 (31 March 2021: 1,209,575,983) Shares in issue.

**PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the websites of Stock Exchange at (<https://www.hkexnews.hk>) and the Company at (<https://www.emp296.com>). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 25 November 2021

As at the date hereof, 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