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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)

2022/2023 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 2022 (the “**Period**”).

RESULTS

As a result of the discontinuation of gaming revenue during the Period, the Group’s total revenue decreased to HK\$108.6 million (2021: HK\$223.4 million). Prior to the cessation of gaming operation, the tough business operating environment affected its business performance; while one-off expenses such as severance payments arose after the cessation of gaming operation, hence loss for the Period attributable to owners of the Company of HK\$155.7 million (2021: HK\$84.0 million) was recorded. Basic loss per share was HK\$0.13 (2021: HK\$0.07).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group currently engages in provision of hospitality services, which covers six hotels and serviced apartments in Hong Kong and Macau, as follows:

- The Emperor Hotel and three blocks of The Unit Serviced Apartments in Hong Kong — namely The Unit Morrison Hill (formerly known as MORI MORI), The Unit Happy Valley (formerly known as The Unit) and The Unit Davis, with the latter newly acquired in September 2022. For details of this acquisition, see under the “Financial and Other Information” section below; and
- Grand Emperor Hotel and Inn Hotel Macau in Macau.

About The Emperor Hotel

The 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 115,700 square feet. The 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 The Unit Morrison Hill

Situated at the vibrant junction of Wan Chai and Causeway Bay, The Unit Morrison Hill 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, The Unit Morrison Hill redefines the contemporary way of life.

About The Unit Happy Valley

The Unit Happy Valley, a 21-storey, 68-unit block located 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 The Unit Davis

The Unit Davis is a 22-storey serviced apartments building on Davis Street, within the Kennedy Town and Mount Davis area of Hong Kong Island, with a total of 57 units. It has commenced operation in August 2022. Spurred by the opening of Kennedy Town station — which provides a convenient link to Hong Kong’s central business district as well as dining and entertainment areas such as Sai Ying Pun, Lan Kwai Fong and Soho, the area has become a vibrant neighbourhood with new residential and commercial offerings.

About Grand Emperor Hotel

Located on the Macau Peninsula, Grand Emperor Hotel is a 26-storey hotel with a gross floor area of approximately 655,000 square feet and 311 guest rooms. It offers a wide range of amenities including fitness centre, sauna and spa facilities, as well as 5 restaurants and bars boasting fine cuisines from all around the world. With strong commitment to providing guests with unparalleled hospitality experience, the Group delivers consistently top-quality services that translate into high levels of customer satisfaction and loyalty.

About Inn Hotel Macau

Located at the heart of Macau's Taipa Island, Inn Hotel Macau 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.

Hotels and Serviced Apartments Revenue

The revenue from the hotels and serviced apartments increased by 14.3% to HK\$84.2 million (2021: HK\$73.7 million) during the Period, accounting for 77.5% (2021: 33.0%) of the Group's total revenue, which included room revenue of HK\$34.3 million (2021: HK\$24.6 million), food and beverage revenue of HK\$31.0 million (2021: HK\$38.1 million), and rental income and other revenue of HK\$18.9 million (2021: HK\$11.0 million).

Gaming Revenue

The Group ceased its gaming operation in Grand Emperor Hotel with effect from 27 June 2022, which was subsequently taken up and run by SJM Resorts, S.A. ("SJM") from 27 June 2022 to 31 December 2022. Therefore, the Group has entered into a service agreement (the "Service Agreement") with SJM for the provision of the hotel rooms, catering and other ancillary services (the "Services") for the gaming operation run by SJM in Grand Emperor Hotel. For details of the Service Agreement, see under the "Financial and Other Information" section below.

As a result of the cessation of its gaming operation on 27 June 2022, the Group's gaming revenue decreased to HK\$24.4 million (2021: HK\$149.7 million) during the Period.

OUTLOOK

With the gradual easing of global travel restrictions as well as inbound quarantine requirements in Hong Kong, business and leisure travels have revived somewhat, spurring the recovery of hospitality sectors in Hong Kong and Macau, despite the occurrence of the fifth wave of the Covid-19 pandemic in Hong Kong during the Period and a minor setback in Macau due to the increase of infection cases subsequent to the Period.

The newly acquired The Unit Davis has received an overwhelming response, with all units broadly being leased out subsequent to the Period, demonstrating solid market demand, and widens the Group's revenue base. With three blocks of serviced apartments located in prime areas on Hong Kong Island, the Group is confident of receiving stable income from the hotel and serviced apartments segment. As Hong Kong remains a key gateway for access to China's capital market and plays an important role within the Greater Bay Area, the Group has a positive view regarding the long-term development of the industry, and will continue to strengthen its market presence in the region.

FINANCIAL AND OTHER INFORMATION

Capital Structure, Liquidity and Financial Resources

During the Period, the Group utilised approximately HK\$490.0 million for the acquisition of The Unit Davis, hence its aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits decreased to HK\$502.4 million (31 March 2022: HK\$1,049.9 million) as at 30 September 2022, which was mainly denominated in Hong Kong dollar. The Group continued to maintain a healthy 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 2022 were HK\$548.3 million (31 March 2022: HK\$1,129.9 million) and HK\$279.8 million (31 March 2022: HK\$309.2 million), respectively. As at 30 September 2022, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (31 March 2022: HK\$39.5 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 2022 and hence its gearing ratio (calculated as net debt divided by total equity) was zero (31 March 2022: zero).

During the Period, the Company had repurchased 8,815,000 shares (the “**Repurchased Shares**”) of its own shares from the market using internal resources, at an aggregate consideration of HK\$4.4 million, and an average price of HK\$0.498 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 0.7% to 1,188,490,983 (31 March 2022: 1,197,305,983) shares and its issued share capital was HK\$119,000 (31 March 2022: HK\$120,000) as at 30 September 2022. 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 2022, assets with carrying values of approximately HK\$613.8 million (31 March 2022: HK\$1.7 billion) were pledged to a bank (31 March 2022: two banks) as security for a banking facility of HK\$420.0 million (31 March 2022: a total of HK\$520.0 million). The facilities remained undrawn and available as at 30 September 2022 and 31 March 2022. In addition, the Group has a bank deposit of HK\$65.1 million (31 March 2022: HK\$64.1 million) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas 64.5 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 agreements and the addendum between the Group and SJM. As at 31 March 2022, another bank deposit of HK\$0.4 million (30 September 2022: Nil) was pledged as security deposit for the use of ferry ticket equipment provided by a third party.

Service Agreement with SJM

On 15 June 2022, the Company announced that a wholly-owned subsidiary of the Company had entered into the Service Agreement with SJM for the provision of the Services to SJM in Grand Emperor Hotel for the period from 27 June 2022 to 31 December 2022, and agreed to continue providing SJM space in Grand Emperor Hotel on a free-of-charge basis for the gaming operation run by SJM. The Directors considered that the Service Agreement is merely an arrangement for the Group to provide the space and the Services to SJM in return for the utility fee and hotel service fee income (collectively referred to as the “**Service Income**”), and is the best business opportunity for the Company in the current situation, as the usage of the gaming area in Grand Emperor Hotel is restricted by the Macau government. In determining the basis of the Service Income, the Directors have also made reference to historical utility fees of the gaming area; and assessed that the discounts provided to SJM were not less favourable than those provided to independent third parties. Hence, they were of the view that the terms of the Service Agreement were on normal or better commercial terms, fair and reasonable, and in the interests of the Company and its shareholders as a whole.

Acquisition of Asset

On 27 September 2022, the Group completed the acquisition of the property interests of The Unit Davis via the acquisition of the entire interest of Ever Explore Holdings Limited and its subsidiaries from a direct wholly-owned subsidiary of Emperor International Holdings Limited (“**Emperor International**”), being the parent company of the Company, at a consideration of HK\$490.0 million (the “**Acquisition**”). Details of the Acquisition were set out in the joint announcement of the Company and Emperor International dated 15 July 2022 and the Company’s circular dated 25 August 2022. After completion of the Acquisition, the Group could widen its revenue base and expand its market presence by enriching its assets portfolio.

EMPLOYEES AND REMUNERATION POLICY

The Group’s number of employees as at 30 September 2022 reduced to 429 (31 March 2022: 876) as a result of cessation of gaming operation. Total staff costs including Directors’ remuneration and the other staff costs (which included severance payments) for the Period were approximately HK\$173.7 million (2021: HK\$172.7 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 has resolved not to declare any interim dividend for the Period (2021: HK\$0.015 per share).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
			(Restated)
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Continuing operations			
Revenue			
Contracts with customers	3(a)	72,168	62,902
Leases	3(b)	12,013	10,746
		<hr/>	<hr/>
Total revenue		84,181	73,648
Cost of sales		(9,953)	(12,450)
Cost of hotel operation		(113,888)	(101,184)
Direct operating expenses in respect of leasing of investment properties		(6,010)	(2,722)
		<hr/>	<hr/>
Gross loss		(45,670)	(42,708)
Other income		9,526	11,366
Other gains and losses		(58)	3,888
Fair value changes of investment properties		(31,100)	37,300
Selling and marketing expenses		(6,752)	(1,130)
Administrative expenses		(35,991)	(26,209)
Finance costs	5	(558)	(1,368)
		<hr/>	<hr/>
Loss before taxation	6	(110,603)	(18,861)
Taxation credit	7	5,651	2,006
		<hr/>	<hr/>
Loss for the period from continuing operations		(104,952)	(16,855)
Discontinued operation			
Loss for the period from discontinued operation	8	(85,986)	(86,019)
		<hr/>	<hr/>
Loss and total comprehensive expense for the period		<u>(190,938)</u>	<u>(102,874)</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
			(Restated)
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Loss and total comprehensive expense for the period attributable to owners of the Company:			
— from continuing operations		(86,843)	(15,006)
— from discontinued operation		(68,815)	(68,962)
		<u>(155,658)</u>	<u>(83,968)</u>
Loss and total comprehensive expense for the period attributable to non-controlling interests:			
— from continuing operations		(18,109)	(1,849)
— from discontinued operation		(17,171)	(17,057)
		<u>(35,280)</u>	<u>(18,906)</u>
		<u>(190,938)</u>	<u>(102,874)</u>
Loss per share	9		
From continuing and discontinued operations			
Basic		<u>HK\$(0.13)</u>	<u>HK\$(0.07)</u>
From continuing operations			
Basic		<u>HK\$(0.07)</u>	<u>HK\$(0.01)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

		As at 30 September 2022	31 March 2022
	Notes	(Unaudited) HK\$'000	(Audited) HK\$'000
Non-current assets			
Investment properties		1,455,400	996,500
Property, plant and equipment		2,380,755	2,417,802
Right-of-use assets		409,576	420,417
Deposits paid for acquisition of property, plant and equipment		1,714	1,681
Pledged bank deposit		—	64,134
		<u>4,247,445</u>	<u>3,900,534</u>
Current assets			
Inventories		11,076	12,014
Trade and other receivables	11	34,849	132,085
Pledged bank deposit		65,123	354
Short-term bank deposits		32,740	314,339
Bank balances and cash		404,523	671,097
		<u>548,311</u>	<u>1,129,889</u>
Current liabilities			
Trade and other payables	12	86,212	117,146
Amounts due to fellow subsidiaries		6,871	4,540
Amounts due to non-controlling interests of subsidiaries		39,523	39,523
Taxation payable		146,841	145,614
Lease liabilities		367	2,328
		<u>279,814</u>	<u>309,151</u>
Net current assets		<u>268,497</u>	<u>820,738</u>
Total assets less current liabilities		<u>4,515,942</u>	<u>4,721,272</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2022

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Non-current liabilities		
Lease liabilities	25,766	28,951
Deferred taxation	43,794	50,590
	<u>69,560</u>	<u>79,541</u>
Net assets	<u>4,446,382</u>	<u>4,641,731</u>
Capital and reserves		
Share capital	119	120
Reserves	3,634,227	3,794,295
Equity attributable to owners of the Company	3,634,346	3,794,415
Non-controlling interests	812,036	847,316
Total equity	<u>4,446,382</u>	<u>4,641,731</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2022

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 on the Stock Exchange (the “**Listing Rules**”).

These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2022.

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

On 1 April 2022, the Company announced that it would cease the gaming operation of the Group after the expiry of the service agreements with SJM (that is 26 June 2022) (“**Expiry Date**”), while the hospitality business in Grand Emperor Hotel is retained. On 15 June 2022, the Company further announced that SJM would continue to run the gaming operation in Grand Emperor Hotel from 27 June 2022 to 31 December 2022. Therefore, the Group has entered into the Service Agreement with SJM for provision of the Services for the gaming operation run by SJM in Grand Emperor Hotel after the Expiry Date.

In addition, the Group acquired property interests of The Unit Davis, which is a 22-storey serviced apartments building (including one retail shop on the ground floor) situated at Kennedy Town of Hong Kong Island (the “**Property**”), at a consideration of HK\$490,000,000 during the Period. The management considered the Acquisition was a good opportunity to utilise the financial resources of the Group to expand its hospitality business and could widen its revenue base and extend its market presence by enriching the Company’s assets portfolio. The Acquisition was completed on 27 September 2022 (see note 13).

As a result of cessation of the gaming operation, the Group’s gaming revenue for the Period was reduced to HK\$24,382,000 (2021: HK\$149,731,000), representing 22.5% (2021: 67.0%) of total revenue. Nevertheless, the hotel and serviced apartments revenue of the Group was increased to HK\$84,181,000 (2021: HK\$73,648,000), accounting for 77.5% (2021: 33.0%) of total revenue, which is due to the Service Income recognised by the Group for the provision of the Services to SJM as well as the additional leasing revenue generated from the Property after the Acquisition. For more information, please refer to notes 3 and 8.

1A. SIGNIFICANT EVENTS AND TRANSACTION IN THE CURRENT INTERIM PERIOD *(Continued)*

Despite the Group had utilised HK\$490,000,000 for completion of the Acquisition, it maintained a strong cash position (including short-term bank deposits and bank balances and cash) in a total of HK\$437,263,000 and was in a net cash position with a zero gearing ratio (calculated as net debt divided by total equity) as of 30 September 2022. 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 at the end of each reporting period.

Other than changes in accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, 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 Group’s annual financial statements for the year ended 31 March 2022.

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 Groups’ annual period beginning on 1 April 2022 for the preparation of the unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, plant and equipment — Proceed before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2018–2020</i>

The application of the above 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 unaudited condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of amendments to HKFRSs (Continued)

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. REVENUE

Continuing operations

(a) Contracts with customers

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
An analysis of the Group's revenue is as follows:		
Recognised over time:		
Hotel revenue:		
— Hotel room income	34,335	24,607
— Others	6,537	—
	<u>40,872</u>	<u>24,607</u>
Recognised at a point in time:		
Hotel revenue:		
— Food and beverage sales	30,998	38,051
— Others	298	244
	<u>31,296</u>	<u>38,295</u>
Revenue from contracts with customers	<u><u>72,168</u></u>	<u><u>62,902</u></u>

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

All sales or services rendered for 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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total revenue arising from leases:		
— Operating lease payments that are fixed	<u>12,013</u>	<u>10,746</u>

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.

The segment information reported externally is analysed on the basis of 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 presentation of this 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.

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 hotel and leasing transactions: (a) hotel revenue from sales or services rendered in Grand Emperor Hotel and Inn Hotel Macau, and (b) leasing revenue from investment properties in these hotels.

(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 and (b) leasing revenue from investment properties in the hotel and serviced apartments.

The CODM assess the performance of individual operating and reportable segments based on a measure of adjusted loss before interest, tax, depreciation, exchange gains (losses) at corporate level and fair value changes of investment properties (the “Adjusted LBITDA”).

4. SEGMENT INFORMATION (Continued)

An operating segment regarding the gaming operation was discontinued during the Period. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in note 8.

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2022

	Continuing operations		
	Macau operations (Unaudited) HK\$'000	Hong Kong operations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue			
Hotel revenue	37,328	34,840	72,168
Leasing revenue	3,292	8,721	12,013
Total	<u>40,620</u>	<u>43,561</u>	<u>84,181</u>
Segment result based on the Adjusted LBITDA	<u>(24,833)</u>	<u>(1,013)</u>	(25,846)
Bank interest income			3,472
Depreciation of property, plant and equipment			(49,267)
Depreciation of right-of-use assets			(7,246)
Exchange losses at corporate level			(58)
Fair value changes of investment properties			(31,100)
Finance costs			<u>(558)</u>
Loss before taxation			<u>(110,603)</u>

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 September 2021

	Continuing operations		
	Macau	Hong Kong	Total
	operations (Unaudited) HK\$'000	operations (Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue			
Hotel revenue	42,087	20,815	62,902
Leasing revenue	5,866	4,880	10,746
	<u> </u>	<u> </u>	<u> </u>
Total	<u>47,953</u>	<u>25,695</u>	<u>73,648</u>
Segment result based on the Adjusted LBITDA	<u>(16,482)</u>	<u>(386)</u>	(16,868)
Bank interest income			10,764
Depreciation of property, plant and equipment			(45,696)
Depreciation of right-of-use assets			(6,881)
Exchange gains at corporate level			3,888
Fair value changes of investment properties			37,300
Finance costs			<u>(1,368)</u>
Loss before taxation			<u>(18,861)</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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Interest on:		
— bank borrowings	—	621
— lease liabilities	464	479
	<hr/>	<hr/>
	464	1,100
Bank charges	94	268
	<hr/>	<hr/>
	558	1,368
	<hr/> <hr/>	<hr/> <hr/>

6. LOSS BEFORE TAXATION

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Loss before taxation has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	49,267	45,696
Depreciation of right-of-use assets	7,246	6,881
Exchange losses (gains) (included in other gains and losses)	58	(3,888)
Bank interest income (included in other income)	(3,472)	(10,764)
Gain on disposal of property, plant and equipment (included in other income)	(1,292)	—
Government subsidies (included in other income)	(3,566)	(50)
	<hr/> <hr/>	<hr/> <hr/>

7. TAXATION CREDIT

	Six months ended 30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Current tax		
— Macau Complementary Tax (“CT”)	(477)	—
— Hong Kong Profits Tax	(668)	—
	<u>(1,145)</u>	<u>—</u>
Deferred taxation	6,796	2,006
	<u>5,651</u>	<u>2,006</u>

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

8. DISCONTINUED OPERATION

During the Period, the Group ceased its gaming operation in Grand Emperor Hotel after the Expiry Date (see note 1A) and therefore classified it as a discontinued operation. The loss for the Period from the discontinued gaming operation is set out below. The comparative figures in the unaudited condensed consolidated statement of profit or loss and other comprehensive expenses have been restated to re-present the gaming operation as a discontinued operation.

8. DISCONTINUED OPERATION (Continued)

The results of the gaming operation for the period from 1 April 2022 to 26 June 2022 and its preceding interim period, which has been included in the unaudited condensed consolidated statement of profit or loss and other comprehensive income were as follows:

	Period ended 26 June 2022 (Unaudited) HK\$'000	Six months ended 30 September 2021 (Unaudited) HK\$'000
Gaming revenue:		
— Service income from gaming transactions in mass market hall	20,851	108,597
— Service income from gaming transactions in VIP room	690	31,655
— Service income from gaming transactions in slot machine hall	2,841	9,479
	<hr/>	<hr/>
Revenue from contract with customers	24,382	149,731
Cost of gaming operation	(97,194)	(129,154)
	<hr/>	<hr/>
Gross (loss) profit	(72,812)	20,577
Other income	1,306	171
Other gains	22,305	—
Impairment allowance for trade receivables	(590)	—
Selling and marketing expenses	(4,230)	(41,537)
Administrative expenses	(31,879)	(64,343)
Finance costs	(4)	(15)
	<hr/>	<hr/>
Loss before taxation (<i>note</i>)	(85,904)	(85,147)
Taxation charge	(82)	(872)
	<hr/>	<hr/>
Loss for the period	<u>(85,986)</u>	<u>(86,019)</u>

8. DISCONTINUED OPERATION (Continued)

Note:

	Period ended 26 June 2022 (Unaudited) HK\$'000	Six months ended 30 September 2021 (Unaudited) HK\$'000
Loss before taxation has been arrived at after charging/ (crediting):		
Commission expenses in gaming transactions (included in selling and marketing expenses)	1,733	29,163
Depreciation of property, plant and equipment	4,799	17,828
Depreciation of right-of-use assets	1,251	3,128
Reversal of commission expenses in gaming transactions provided in prior years (included in other gains)	<u>(22,305)</u>	<u>—</u>
	Period ended 26 June 2022 (Unaudited) HK\$'000	Six months ended 30 September 2021 (Unaudited) HK\$'000
Cash flows from gaming operation:		
Net cash used in operation activities	(28,103)	(48,332)
Net cash used in investing activities	<u>—</u>	<u>(4,804)</u>
Net cash flows	<u>(28,103)</u>	<u>(53,136)</u>

9. LOSS PER SHARE

From continuing and discontinued operations

The calculation of the basic loss per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	Six months ended 30 September 2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<u>(155,658)</u>	<u>(83,968)</u>

9. LOSS PER SHARE (Continued)
From continuing and discontinued operations (Continued)

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic loss per share	<u>1,196,375,437</u>	<u>1,198,111,202</u>

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	Six months ended	
	30 September	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss figures are calculated as follows:		
Loss for the period attributable to owners of the Company	(155,658)	(83,968)
Less: loss for the period from discontinued operation	<u>(68,815)</u>	<u>(68,962)</u>
Loss for the purpose of calculating basic loss per share from continuing operations	<u>(86,843)</u>	<u>(15,006)</u>

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operation

Basic loss per share from discontinued operation is HK\$0.06 per share (2021: HK\$0.06 per share), based on the loss for the Period from discontinued operation of HK\$68,815,000 (2021: HK\$68,962,000) and the denominators detailed above for basic loss per share.

Diluted loss per shares from continuing and discontinued operations are not presented as there was no dilutive potential ordinary share for both periods.

10. DIVIDENDS

During the six months ended 30 September 2021, dividends of HK\$0.015 and HK\$0.050 per share with the corresponding amounts of approximately HK\$17,960,000 and HK\$59,865,000 were paid to the shareholders of the Company as the final dividend for the year ended 31 March 2021 and the special dividend for the year ended 31 March 2022, respectively (2022: Nil).

10. DIVIDENDS (Continued)

The Board has resolved not to declare any interim dividend (2021: HK\$0.015 per share) for the year ending 31 March 2023.

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Trade receivables	43,968	45,035
Less: Impairment allowance	(21,469)	(20,879)
	<u>22,499</u>	<u>24,156</u>
Chips on hand	—	50,444
Other receivables and prepayments	12,350	57,485
	<u>34,849</u>	<u>132,085</u>

An aging 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 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
0–30 days	4,145	6,061
31–60 days	483	699
61–90 days	157	1,135
91–180 days	4,749	3,289
Over 180 days	12,965	12,972
	<u>22,499</u>	<u>24,156</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.

12. TRADE AND OTHER PAYABLES

	As at	
	30 September 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
Trade payables	7,481	9,044
Chips in custody and deposits from gaming patrons	—	4,497
Construction payables and accruals	15,414	2,492
Other payables and accruals	49,772	73,999
Accrued staff costs	10,545	9,114
Short-term advance	3,000	18,000
	86,212	117,146

An aging 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 2022 (Unaudited) HK\$'000	31 March 2022 (Audited) HK\$'000
0–30 days	4,058	3,648
31–60 days	3,401	5,166
61–90 days	7	123
91–180 days	—	81
Over 180 days	15	26
	7,481	9,044

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

13. ACQUISITION OF ASSET

On 27 September 2022, the Group completed the acquisition of the Property at a consideration of HK\$490,000,000 through the acquisition of the entire interest of Ever Explore Holdings Limited and its subsidiaries from a direct wholly-owned subsidiary of Emperor International. The property interests are classified as investment properties. Immediately after the Acquisition, the Group has commenced its serviced apartments operation in the Property and leasing revenue was contributed to the Group during the Period. Details of the Acquisition were set out in the joint announcement of the Company and Emperor International dated 15 July 2022 and the Company's circular dated 25 August 2022.

REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been reviewed nor audited 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 to the Listing Rules.

Model Code for Securities Transactions

The Company 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 to the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"). Having made specific enquiry of the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in 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 8,815,000 ordinary shares of the Company at an aggregate consideration of HK\$4,389,375 (before expenses) on the Stock Exchange, the particulars of which are as follows:

Month of repurchase in 2022	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
September	8,815,000	0.540	0.435	4,389,375

As at 30 September 2022, all of the Repurchased Shares were cancelled. The repurchases were 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 had purchased, sold or redeemed any of the Company's listed securities.

As at 30 September 2022, there was a total of 1,188,490,983 (31 March 2022: 1,197,305,983) shares in issue.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<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, 24 November 2022

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

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