

**Emperor Entertainment Hotel Limited** (the “Company”) and its subsidiaries (collectively referred to as the “Group”) principally engages in provision of hospitality and entertainment services, which cover a total of 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, The Unit Happy Valley 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 (with gaming facilities) and Inn Hotel 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 expatriates, 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 areas 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. Spurred by the opening of Kennedy Town MTR 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. In addition, it offers gaming tables in the mass market hall and slot machines. 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**

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.

## **RESULTS**

The Group’s total revenue decreased to HK\$291.1 million (2022: HK\$415.9 million) during the year ended 31 March 2023 (the “Year”), among which the revenue from hotels and serviced apartments increased by 31.0% to HK\$203.4 million (2022: HK\$155.3 million), accounting for 69.9% (2022: 37.3%) of the total revenue. A reversal of impairment losses of assets of HK\$31.8 million (2022: impairment losses of HK\$271.1 million) and a fair value gain of investment properties of HK\$19.7 million (2022: fair value loss of HK\$143.0 million) were recorded during the Year. Hence, loss for the Year attributable to owners of the Company significantly narrowed to HK\$98.2 million (2022: HK\$528.3 million). Basic loss per share was HK\$0.08 (2022: HK\$0.44).

## **MARKET REVIEW**

Benefiting from the reopening of borders between Macau, Hong Kong and mainland China, and lifting of the inbound quarantine measures for all travellers in early 2023, the numbers of visitor arrivals to Hong Kong and Macau increased substantially – surging by over 300 times and more than doubling, respectively, from the first quarter of 2022 to the first quarter of 2023. Both personal travel and business travel have resumed, and there has been a notable rebound in consumption and entertainment sentiments. All these factors demonstrated the return of hospitality and gaming demand in the regions during the Year.

## **BUSINESS REVIEW**

### **Hotels and Serviced Apartments Revenue**

With the expansion of its serviced apartments portfolio and the strong recovery of the hospitality sector, the revenue from the hotels and serviced apartments increased by 31.0% to HK\$203.4 million (2022: HK\$155.3 million) during the Year, accounting for 69.9% (2022: 37.3%) of the Group's total revenue, which included room revenue of HK\$85.2 million (2022: HK\$53.3 million), food and beverage revenue of HK\$74.0 million (2022: HK\$77.4 million), and rental income and other revenue of HK\$44.2 million (2022: HK\$24.6 million).

### **Gaming Revenue**

Since the gaming operation was run by SJM Resorts, S.A. ("SJM") during a certain period of the Year, the gaming revenue decreased to HK\$87.7 million (2022: HK\$260.6 million), accounting for 30.1% (2022: 62.7%) of the Group's total revenue.

## **OUTLOOK**

Hong Kong remains a key gateway for access to China's capital market and continues playing an important role within the Greater Bay Area, while Macau is regarded as an entertainment hub with a substantial number of world renowned integrated resorts. Both regions are well positioned to welcome mainland Chinese and international visitors. The Group believes the future economic growth of both regions will benefit the tourist and hospitality industries, enabling them to deliver long-term positive returns.

To thrive in a highly competitive market in both regions, the Group will continue strengthening its market presence by enhancing the guest experience, implementing better customer segmentation, and capitalising on its brand awareness arising from its long establishment and popularity in Chinese-speaking communities, while leveraging the synergies resulting from being part of Emperor Group. The management will closely monitor market developments, and seek to react in advance to any foreseeable changes in the industry.

## **FINANCIAL INFORMATION**

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

During the Year, 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\$503.3 million (2022: HK\$1,049.9 million) as at 31 March 2023, 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 Year, 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 31 March 2023 were HK\$566.8 million (2022: HK\$1,129.9 million) and HK\$253.2 million (2022: HK\$309.2 million), respectively. As at 31 March 2023, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (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 31 March 2023 and hence its gearing ratio (calculated as net debt divided by total equity) was zero (2022: zero).

During the Year, 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 Year, 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 (2022: 1,197,305,983) shares and its issued share capital was HK\$119,000 (2022: HK\$120,000) as at 31 March 2023. 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 31 March 2023, assets with carrying values of approximately HK\$613.2 million (2022: HK\$1.7 billion) were pledged to a bank (2022: two banks) as security for a banking facility of HK\$408.7 million (2022: a total of HK\$520.0 million). The facilities remained undrawn and available as at 31 March 2023 and 31 March 2022. In addition, the Group has a bank deposit of HK\$65.9 million (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 2023, another bank deposit of HK\$0.3 million (2022: HK\$0.4 million) was pledged as security deposit for the use of ferry ticket equipment provided by a third party.

### **Hotel Rooms, Catering and Ancillary Services Agreement with SJM**

On 15 June 2022, an indirect wholly-owned subsidiary of the Company entered into an agreement with SJM for the provision of the hotel rooms, catering and other ancillary services to SJM in Grand Emperor Hotel for the period from 27 June 2022 to 31 December 2022. This enabled the Group to maintain a stable income stream during the period. Details of the agreement were set out in the joint announcement of the Company and Emperor International Holdings Limited ("Emperor International"), the parent company of the Company, dated 15 June 2022.

### **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 (collectively referred to as "Ever Explore Group") from a direct wholly-owned subsidiary of Emperor International 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 widened its revenue base and expanded its market presence by enriching its assets portfolio. The Unit Davis has commenced operation in August 2022; the occupancy rate was over 95.0% during the Year.

### **Service Agreement with SJM**

On 30 December 2022, an indirect wholly-owned subsidiary of the Company entered into an agreement with SJM for the provision of services including but not limited to selling, promotion, publicity, management and customer development to SJM in Grand Emperor Hotel for a term of 3 years commencing 1 January 2023. This was based on consideration of clearer visibility regarding the future development of Macau's gaming industry, following the Macau Government's announcement of awarding 10-year gaming concessions to six casino operators including SJM. Details of the agreement were set out in the joint announcement and the supplemental joint announcement of the Company and Emperor International dated 30 December 2022 and 21 February 2023 respectively.