



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

於百慕達註冊成立之有限公司 (股份代號:296)
Incorporated in Bermuda with limited liability (Stock Code:296)

INTERIM REPORT

2023
2024



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RESULTS HIGHLIGHTS

The board of directors (the “**Board**” or “**Directors**”) of Emperor Entertainment Hotel Limited (the “**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2023 (the “**Period**”).

	For the six months ended 30 September		Changes
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000	
Total revenue	371,837	108,563	+242.5%
Gross profit (loss)	133,690	(118,482)	N/A
Net profit (loss) for the period	12,092	(190,938)	Turnaround
Underlying profit (loss) for the period ¹	13,699	(161,972)	Turnaround
Basic earnings (loss) per share	HK\$0.01	HK\$(0.13)	N/A

¹ Represents net profit (loss) for the period before fair value changes and relevant deferred taxes

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

With the reopening of borders between Hong Kong and Macau and mainland China, visitor arrivals to Hong Kong and Macau substantially revived, and there was a rebound in consumption sentiment during the Period. Hence, the Group's total revenue grew significantly, by 242.5% to HK\$371.8 million (2022: HK\$108.6 million), among which the revenue from hotels and serviced apartments increased by 85.5% to HK\$156.2 million (2022: HK\$84.2 million) and the gaming revenue surged over 700.0% to HK\$215.6 million (2022: HK\$24.4 million). Due to a significant increase in total revenue and a fair value gain of HK\$1.4 million (2022: fair value loss of HK\$31.1 million) on investment properties was recorded, the Group achieved a turnaround during the Period; hence a net profit of HK\$12.1 million (2022: net loss of HK\$190.9 million) was recorded. Basic earnings per share was HK\$0.01 (2022: basic loss of HK\$0.13 per share).

BUSINESS REVIEW

The Group currently engages in provision of hospitality and entertainment services, which covers 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; 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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. 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. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotels and Serviced Apartments Revenue

With the return of hospitality demand and the expanded portfolio of the Group's serviced apartments, revenue from hotels and serviced apartments increased by 85.5% to HK\$156.2 million (2022: HK\$84.2 million) during the Period, accounting for 42.0% (2022: 77.5%) of the Group's total revenue, which included room revenue of HK\$79.9 million (2022: HK\$34.3 million), food and beverage revenue of HK\$53.0 million (2022: HK\$31.0 million), and rental income and other revenue of HK\$23.3 million (2022: HK\$18.9 million).

Gaming Revenue

Due to the rebound in consumption sentiment and the surge in entertainment demand during the Period, the Group's gaming revenue surged over 700.0% to HK\$215.6 million (2022: HK\$24.4 million), accounting for 58.0% (2022: 22.5%) 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. Also, the Hong Kong government has launched the "Night Vibes Hong Kong" campaign, which stimulates the night economy and injects an exuberant jolt of vitality into the community, aiming to reinforce Hong Kong's status as a tourist hub and international events capital, which will help promote tourism and support over-night visitor arrivals to Hong Kong.

There are ongoing improvements in infrastructure between Macau and the Greater Bay Area, such as the ongoing expansion of the China High Speed Rail routes to Zhuhai border gate from key cities in mainland China, and the development of a Macau LRT extension to Hengqin Island – which can facilitate more convenient travel to Macau in the near future. Particularly in light of the expanding middle class, the Group believes that mainland China outbound tourism will continue growing.

The Group is facing both opportunities and challenges on the road to full recovery. Against the backdrop of market uncertainties, the Group will continue strengthening its market presence by enhancing the guest experience, implementing better customer segmentation and capitalising on its brand awareness, spearheaded by its experienced management team with a proven track record in hospitality services.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL AND OTHER INFORMATION

Capital Structure, Liquidity and Financial Resources

The Group continued to maintain a strong financial position with aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of HK\$552.2 million (31 March 2023: HK\$503.3 million) as at 30 September 2023, which was mainly denominated in Hong Kong dollar. The Group 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 2023 were HK\$608.6 million and HK\$246.1 million (31 March 2023: HK\$566.8 million and HK\$253.2 million), respectively. As at 30 September 2023, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (31 March 2023: 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 2023 and hence its gearing ratio (calculated as net debt divided by total equity) was zero (31 March 2023: zero).

Pledge of Assets

As at 30 September 2023, assets with carrying values of approximately HK\$610.7 million (31 March 2023: HK\$613.2 million) were pledged to a bank as security for a banking facility of HK\$408.7 million (31 March 2023: HK\$408.7 million). The facilities remained undrawn and available as at 30 September 2023 and 31 March 2023. In addition, the Group has a bank deposit of HK\$30.2 million (31 March 2023: HK\$65.9 million) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas ("**MOP**") 30.9 million (equivalent to HK\$30.0 million) (31 March 2023: MOP64.5 million (equivalent to HK\$62.6 million)) in favour of SJM Resorts, S.A. ("**SJM**") for the Group's fulfilment of all its obligations, as stipulated under the service agreement between the Group and SJM. As at 30 September 2023, another bank deposit of HK\$0.3 million (31 March 2023: HK\$0.3 million) was pledged as security deposit for the use of ferry ticket equipment provided by a third party.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

The Group's number of employees as at 30 September 2023 was 606 (31 March 2023: 517). Total staff costs including Directors' remuneration and the other staff costs for the Period were approximately HK\$140.8 million (2022: HK\$173.7 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 are set out in the section headed "Share Options" of this interim report.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (2022: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Notes	Six months ended 30 September	
		2023 (Unaudited) HK\$'000	2022 (Restated) (Unaudited) HK\$'000
Revenue			
Contracts with customers	3(a)	348,841	96,550
Leases	3(b)	22,996	12,013
Total revenue		371,837	108,563
Cost of sales		(17,183)	(9,953)
Cost of hotel and gaming operations		(214,310)	(211,082)
Direct operating expenses in respect of leasing of investment properties		(6,654)	(6,010)
Gross profit (loss)		133,690	(118,482)
Other income		8,801	10,832
Other gains and losses		(43)	22,247
Fair value changes of investment properties		1,400	(31,100)
Impairment allowance for trade receivables		–	(590)
Selling and marketing expenses		(63,374)	(10,982)
Administrative expenses		(60,213)	(67,870)
Finance costs	5	(601)	(562)
Profit (loss) before taxation	6	19,660	(196,507)
Taxation (charge) credit	7	(7,568)	5,569
Profit (loss) and total comprehensive income (expense) for the period		12,092	(190,938)
Profit (loss) and total comprehensive income (expense) for the period attributable to:			
– Owners of the Company		11,822	(155,658)
– Non-controlling interests		270	(35,280)
		12,092	(190,938)
Earnings (loss) per share	8		
Basic		HK\$0.01	HK\$(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

		As at	
		30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
	Notes		
Non-current assets			
Investment properties	10	1,507,600	1,506,200
Property, plant and equipment	10	2,305,273	2,361,668
Right-of-use assets	10	393,410	401,922
Deposits paid for acquisition of property, plant and equipment		1,750	1,162
Pledged bank deposit		30,213	–
		4,238,246	4,270,952
Current assets			
Inventories		12,002	11,312
Trade and other receivables	11	74,574	52,145
Pledged bank deposits		300	66,187
Short-term bank deposits		189,285	56,789
Bank balances and cash		332,438	380,330
		608,599	566,763
Current liabilities			
Trade and other payables	12	103,308	96,744
Amounts due to fellow subsidiaries		5,552	21,889
Amounts due to non-controlling interests of subsidiaries		39,523	39,523
Taxation payable		96,869	94,255
Lease liabilities		822	802
		246,074	253,213

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Net current assets	362,525	313,550
Total assets less current liabilities	4,600,771	4,584,502
Non-current liabilities		
Lease liabilities	25,823	26,444
Deferred taxation	53,533	48,735
	79,356	75,179
Net assets	4,521,415	4,509,323
Capital and reserves		
Share capital	119	119
Reserves	3,703,515	3,691,693
Equity attributable to owners of the Company	3,703,634	3,691,812
Non-controlling interests	817,781	817,511
Total equity	4,521,415	4,509,323

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Attributable to owners of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Legal reserve HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 April 2022 (Audited)	120	436,765	678	24,582	287	396,392	2,935,591	3,794,415	847,316	4,641,731
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(155,658)	(155,658)	(35,280)	(190,938)
Ordinary shares repurchased and cancelled	(1)	-	1	-	-	-	(4,411)	(4,411)	-	(4,411)
At 30 September 2022 (Unaudited)	119	436,765	679	24,582	287	396,392	2,775,522	3,634,346	812,036	4,446,382
At 1 April 2023 (Audited)	119	436,765	679	24,582	287	396,392	2,832,988	3,691,812	817,511	4,509,323
Profit and total comprehensive income for the period	-	-	-	-	-	-	11,822	11,822	270	12,092
Transfer from retained profits to legal reserve (note 13)	-	-	-	-	24	-	(24)	-	-	-
At 30 September 2023 (Unaudited)	119	436,765	679	24,582	311	396,392	2,844,786	3,703,634	817,781	4,521,415

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Net cash from (used in) operating activities	50,214	(54,262)
Net cash used in investing activities	(97,028)	(206,823)
Net cash used in financing activities	(1,078)	(5,489)
Net decrease in cash and cash equivalents	(47,892)	(266,574)
Cash and cash equivalents at the beginning of the reporting period	380,330	671,097
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	332,438	404,523

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**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 2023.

On 30 December 2022, a wholly-owned subsidiary of the Company entered into a new service agreement with SJM for provision of gaming-related marketing and public relation services to SJM in Grand Emperor Hotel for a term of 3 years commencing 1 January 2023. Since then, the Group resumed its gaming operation. As the gaming operation had been classified as discontinued operation in the last interim period, the comparative figures of the unaudited condensed consolidated statement of profit or loss and other comprehensive income and the relevant notes to the accounts were restated in order to be consistent with the current period’s presentation.

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 new and 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 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of new and amendments to HKFRSs

In the Period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 April 2023 for the preparation of the Group's unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	<i>Insurance Contracts</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The application of the above new and 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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. REVENUE

(a) Contracts with customers

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Restated) (Unaudited) HK\$'000
An analysis of the Group's revenue is as follows:		
Recognised over time:		
Gaming revenue:		
– Service income from gaming transactions in mass market hall	207,095	20,851
– Service income from gaming transactions in slot machine hall	8,550	2,841
– Service income from gaming transactions in VIP room	–	690
Hotel revenue:		
– Hotel room income	79,842	34,335
– Others	–	6,537
	295,487	65,254
Recognised at a point in time:		
Hotel revenue:		
– Food and beverage sales	53,045	30,998
– Others	309	298
	53,354	31,296
Revenue from contracts with customers	348,841	96,550
Gaming revenue	215,645	24,382
Hotel revenue	133,196	72,168
Revenue from contracts with customers	348,841	96,550

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. REVENUE (Continued)

(a) Contracts with customers (Continued)

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

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

(b) Leases

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Total revenue arising from leases:		
Operating lease payments that are fixed	22,996	12,013

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. SEGMENT INFORMATION

The executive Directors have been identified as the chief operating decision makers (“**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 gaming, hotel and leasing transactions: (a) gaming revenue from services rendered for mass market hall, slot machine hall and VIP room transactions and provision of gaming-related marketing and public relation services for Grand Emperor Hotel, (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.

(ii) Hong Kong operations

Operations in Hong Kong derive revenues from hotel and leasing transactions: (a) hotel revenue from sales or services rendered in The Emperor Hotel and (b) leasing revenue from investment properties in the hotel and three blocks of The Unit Serviced Apartments.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2023

	Macau operations (Unaudited) HK\$'000	Hong Kong operations (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue			
– Gaming revenue	215,645	–	215,645
– Hotel revenue	83,445	49,751	133,196
– Leasing revenue	8,977	14,019	22,996
Total	308,067	63,770	371,837
Segment results based on the Adjusted EBITDA	73,656	7,421	81,077
Bank interest income			7,998
Depreciation of property, plant and equipment			(61,659)
Depreciation of right-of-use assets			(8,512)
Exchange losses at corporate level			(43)
Fair value changes of investment properties			1,400
Finance costs			(601)
Profit before taxation			19,660

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 September 2022

	Macau operations (Restated) (Unaudited) HK\$'000	Hong Kong operations (Restated) (Unaudited) HK\$'000	Total (Restated) (Unaudited) HK\$'000
Segment revenue			
– Gaming revenue	24,382	–	24,382
– Hotel revenue	37,328	34,840	72,168
– Leasing revenue	3,292	8,721	12,013
Total	65,002	43,561	108,563
Segment results based on the Adjusted LBITDA	(104,683)	(1,013)	(105,696)
Bank interest income			3,472
Depreciation of property, plant and equipment			(54,066)
Depreciation of right-of-use assets			(8,497)
Exchange losses at corporate level			(58)
Fair value changes of investment properties			(31,100)
Finance costs			(562)
Loss before taxation			(196,507)

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. FINANCE COSTS

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Restated) (Unaudited) HK\$'000
Interest on lease liabilities	477	468
Bank charges	124	94
	601	562

6. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Restated) (Unaudited) HK\$'000
Profit (loss) before taxation has been arrived at after charging (crediting):		
Commission expenses in gaming operation (included in selling and marketing expenses)	32,237	1,733
Depreciation of property, plant and equipment	61,659	54,066
Depreciation of right-of-use assets	8,512	8,497
Exchange losses (included in other gains and losses)	43	58
Loss on write-off of property, plant and equipment	37	–
Bank interest income (included in other income)	(7,998)	(3,472)
Forfeiture of unredeemed commission expenses in gaming operation (included in other gains and losses)	–	(22,305)
Gain on disposal of property, plant and equipment	–	(1,292)
Government subsidies (included in other income)	–	(3,566)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. TAXATION (CHARGE) CREDIT

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Restated) (Unaudited) HK\$'000
Current tax		
– Macau Complementary Tax (“CT”)	(2,498)	(559)
– Hong Kong Profits Tax	(272)	(668)
	(2,770)	(1,227)
Deferred taxation	(4,798)	6,796
Taxation (charge) credit	(7,568)	5,569

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. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to owners of the Company is based on the following data:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Earnings (loss)		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	11,822	(155,658)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

8. EARNINGS (LOSS) PER SHARE (Continued)

	Six months ended 30 September	
	2023 (Unaudited)	2022 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings (loss) per share	1,188,490,983	1,196,375,437

Diluted earnings (loss) per share is not presented as there was no dilutive potential ordinary shares for both periods.

9. DIVIDENDS

The Board has resolved not to declare any interim dividend (2022: Nil) for the Period.

10. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

An analysis of movements of the Group's assets is as follows:

	Investment properties HK\$'000	Property, plant and equipment HK\$'000	Right-of-use assets HK\$'000
Fair value/Carrying amounts			
At 1 April 2023 (Audited)	1,506,200	2,361,668	401,922
Additions	–	5,301	–
Write-off	–	(37)	–
Depreciation for the Period	–	(61,659)	(8,512)
Increase in fair value	1,400	–	–
At 30 September 2023 (Unaudited)	1,507,600	2,305,273	393,410

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS *(Continued)*

The Group leases out various commercial properties and serviced apartments under operating leases with rental payable monthly. The leases typically run for an initial period of 3 months to 5 years. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The fair values of the Group's investment properties as at 30 September 2023 and 31 March 2023 have been arrived at on the basis of a valuation carried out on those dates by Savills (Macau) Limited for investment properties in Macau and Vincorn Consulting and Appraisal Limited for investment properties in Hong Kong, independent firms of qualified professional property valuers engaged by the Company not connected with the Group, in accordance with International Valuation Standards 2020 issued by the Royal Institution of Chartered Surveyors or the HKIS Valuation Standards 2020 issued by Hong Kong Institute of Surveyors.

There has been no change to the valuation technique during the Period. For the investment properties situated in Macau, they are held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The valuation was arrived at with reference to market rent and transactions with adjustments to reflect different locations or conditions using the applicable capitalisation rates. For the investment properties situated in Hong Kong, they are not held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time. The valuation of serviced apartments was arrived at using income capitalisation method by capitalising the rental income with applicable capitalisation rate. The market rent is assessed with reference to market evidence of recent transaction rents for similar properties with adjustments to reflect different locations and conditions.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Trade receivables	69,737	54,430
Less: Impairment allowance	(21,469)	(21,469)
	48,268	32,961
Other receivables and prepayments	26,306	19,184
	74,574	52,145

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 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0-30 days	34,721	19,388
31-60 days	429	52
61-90 days	109	249
91-180 days	37	294
Over 180 days	12,972	12,978
	48,268	32,961

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

12. TRADE AND OTHER PAYABLES

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Trade payables	12,181	10,722
Construction payables and accruals	13,000	13,553
Other payables and accruals	53,108	52,081
Accrued staff costs	25,019	20,388
	103,308	96,744

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 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
0-30 days	6,676	6,565
31-60 days	5,470	3,654
61-90 days	6	158
91-180 days	14	330
Over 180 days	15	15
	12,181	10,722

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

13. LEGAL RESERVE

As stipulated by the relevant laws and regulations in the Macau Special Administrative Region, certain subsidiaries of the Company are required to set aside 25% of their profit for the year to a legal reserve until the legal reserve has reached 50% of their registered capital.

14. PLEDGE OF ASSETS

- (a) As at 30 September 2023, certain assets of the Group were pledged to a bank to secure for a banking facility granted by the bank to the Group. The carrying values of the pledged assets at the end of the reporting period are as follows:

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Hotel property	230,670	235,065
Investment properties	112,500	114,200
Right-of-use asset	235,002	239,799
Others (note)	32,564	24,095
	610,736	613,159

Note: Others represent floating charges over certain other assets of the Group including principally property, plant and equipment (other than hotel property), inventories, trade and other receivables and bank balances.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

14. PLEDGE OF ASSETS (Continued)

- (b) As at 31 March 2023, the Group pledged a bank deposit of HK\$65,887,000 to a bank for obtaining a bank facility granted to a wholly-owned subsidiary of the Company. The bank facility entailed a bank guarantee amounting to MOP64,523,000 (equivalent to HK\$62,644,000) for the period up to 26 June 2023 (“**Expiry Date**”), which was made in favour of SJM for the Group’s fulfilment of all its obligations of provision of services in the casino by the Group to SJM, as stipulated under a service agreement entered into between the wholly-owned subsidiary of the Company and SJM on 19 February 2010 (as supplemented by an addendum dated 4 May 2020). This bank guarantee was lapsed on the Expiry Date and the pledged bank deposit was released by the bank during the Period.

As at 30 September 2023, the Group pledged another bank deposit of HK\$30,213,000 to a bank for obtaining a bank facility granted to a wholly-owned subsidiary of the Company. The bank facility entails a bank guarantee amounting to MOP30,900,000 (equivalent to HK\$30,000,000) for the period up to 31 December 2026, which is made in favour of SJM for the Group’s fulfilment of all its obligations of provision of services in the casino by the Group to SJM, as stipulated under a service agreement entered into between the wholly-owned subsidiary of the Company and SJM on 30 December 2022 (as supplemented by an addendum dated 26 April 2023).

- (c) As at 30 September 2023, the Group also pledged a bank deposit of HK\$300,000 (31 March 2023: HK\$300,000) to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

15. CAPITAL COMMITMENTS

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Contracted for but not provided in the condensed consolidated financial statements, net of amounts paid, in respect of property, plant and equipment	2,453	840

16. RELATED PARTY TRANSACTIONS

- (a) During the Period, the Group had the following significant transactions with related parties:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
(i) Food and beverage sales to related companies and fellow subsidiaries	1,236	889
(ii) Professional service fee to a related company	234	493
(iii) Purchase of merchandising goods from related companies	153	1,741
(iv) Reimbursement of administrative expenses to fellow subsidiaries	11,543	8,194
(v) Rental income from a related company	1,850	1,883
(vi) Secretarial fee to a related company controlled by a Director	282	270

Note: Except for item (vi), the above related companies and fellow subsidiaries are controlled by the relevant private discretionary trusts of which Dr. Yeung Sau Shing, Albert (“**Dr. Yeung**”) is the founder and settlor.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. RELATED PARTY TRANSACTIONS (Continued)

- (b) The key management personnel of the Company are the Directors and the total remunerations paid to them relating to short-term employee benefits during the Period are set out below:

	Six months ended 30 September	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Fees	450	516

- (c) At the end of the reporting period, the Group had the following balances with related parties:

	As at	
	30 September 2023 (Unaudited) HK\$'000	31 March 2023 (Audited) HK\$'000
Amounts due to fellow subsidiaries	5,552	21,889
Amounts due to non-controlling interests of subsidiaries	39,523	39,523

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2023, the following Directors and chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“EEH Securities Code”):

(A) LONG POSITION INTERESTS IN THE COMPANY

Ordinary shares of HK\$0.0001 each of the Company (“Shares”)

Name of Director	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Ms. Luk Siu Man, Semon (“Ms. Semon Luk”)	Interest of spouse	851,353,645	71.63

Note: These Shares were held by Emperor Entertainment Hotel Holdings Limited, an indirect wholly-owned subsidiary of Emperor International Holdings Limited (“Emperor International”). Emperor International is a company with its shares listed in Hong Kong and as at 30 September 2023, approximately 74.71% of its issued shares was held by Emperor International Group Holdings Limited (“Emperor International Group Holdings”). The entire issued share of Emperor International Group Holdings is wholly-owned by Albert Yeung Holdings Limited (“AY Holdings”) which is held by First Trust Services AG (“First Trust Services”), being the trustee of a private discretionary trust founded by Dr. Yeung who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

(B) LONG POSITION INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Directors	Name of associated corporation	Capacity/ Nature of interests	Number of shares interested	% of issued voting shares
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,611,223	74.71
	Emperor Watch & Jewellery Limited ("Emperor W&J")	- Ditto -	4,298,630,000	63.41
	Emperor Culture Group Limited ("Emperor Culture")	- Ditto -	2,371,313,094	73.80
	Ulferts International Limited ("Ulferts")	- Ditto -	600,000,000	75.00
	New Media Lab Limited ("New Media Lab")	- Ditto -	315,000,000	52.50
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29

Note: Emperor International, Emperor W&J, Emperor Culture, Ulferts and New Media Lab are companies with their shares listed on the Stock Exchange. These shares were ultimately owned by respective private discretionary trusts which are also founded by Dr. Yeung. By virtue of being the spouse of Dr. Yeung, Ms. Semon Luk had deemed interests in the same shares.

Save as disclosed above, as at 30 September 2023, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or chief executives of the Company, as at 30 September 2023, the persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have interests and short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO (“**DI Register**”) were as follows:

LONG POSITION IN THE SHARES

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Emperor International	Interest in a controlled corporation	851,353,645	71.63
AY Holdings	Interest in a controlled corporation	851,353,645	71.63
First Trust Services	Trustee of a private discretionary trust	851,353,645	71.63
Dr. Yeung	Founder of a private discretionary trust	851,353,645	71.63

Note: These Shares were the same Shares of which Ms. Semon Luk had deemed interests as those set out under Section (A) of “Directors’ and Chief Executives’ Interests in Securities” above.

Save as disclosed above, as at 30 September 2023, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the DI Register.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTIONS

To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group, the Company has adopted a share option scheme at its annual general meeting held on 19 September 2023 (“**2023 Share Option Scheme**”). No share options were granted thereunder since its adoption. The number of options available for grant under the scheme mandate limit and the service provider sublimit under the 2023 Share Option Scheme were 118,849,098 and 59,424,549 respectively at the date of adoption of the 2023 Share Option Scheme and the end of the Period.

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 EEH Securities Code as its own code of conduct regarding securities transactions by Directors 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.

CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors’ information since the date of the 2022/2023 annual report of the Company, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa are executive directors of New Media Lab (Stock Code: 1284), a company newly listed on the Stock Exchange on 17 July 2023.

Mr. Yeung Man Sun resigned as an independent non-executive director and member of each of remuneration committee, audit committee and nomination committee of Simplicity Holding Limited (Stock Code: 8367) with effect from 24 October 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF INTERIM REPORT

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

Hong Kong, 28 November 2023

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

Non-executive Director:

Ms. Luk Siu Man, Semon

Executive Directors:

Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Kwan Shin Luen, Susanna
Ms. Lai Ka Fung, May
Mr. Yeung Man Sun

This interim report (in both English and Chinese versions) is available to any shareholder of the Company in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.Emp296.com>). In order to protect the environment, the Company highly recommends the shareholders to receive electronic copy of this interim report. Shareholders may have the right to change their choice of receipt of our future corporate communications at any time by reasonable notice in writing to the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at is-ecom@hk.tricorglobal.com.