

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



英皇娛樂酒店有限公司*
Emperor Entertainment Hotel Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 296)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2020

FINANCIAL SUMMARY	For the Year ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
Revenue	1,143,230	1,381,335
Gaming Revenue	926,845	1,136,856
– From Gaming Concourse	623,226	664,826
– From VIP Room	267,961	429,423
Hotel Revenue	216,385	244,479
Gross profit	614,150	838,191
Net profit	263,915	367,492
Basic earnings per share	HK\$0.21	HK\$0.29
Total dividends per share	HK\$0.060	HK\$0.082

* *for identification purpose only*

The board of directors (the “**Board**” or “**Directors**”) of Emperor Entertainment Hotel Limited (the “**Company**”) announces the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2020 (the “**Year**”) together with the comparative figures for the corresponding year in 2019 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue			
Contracts with customers	3(a)	1,120,106	1,359,333
Leases	3(b)	23,124	22,002
Total revenue		1,143,230	1,381,335
Cost of sales		(33,783)	(39,513)
Cost of hotel and gaming operations		(495,297)	(503,631)
Gross profit		614,150	838,191
Other income		96,667	96,140
Other loss	5	(7,661)	(10,920)
Impairment allowance reversed (recognised) for trade receivables		385	(35,117)
Fair value changes of investment properties		(36,400)	17,600
Selling and marketing expenses		(212,361)	(288,554)
Administrative expenses		(245,739)	(249,695)
Finance costs		(2,334)	(171)
Profit before taxation	6	206,707	367,474
Taxation credit	7	75,738	70,823
Profit for the year		282,445	438,297
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change of debt instruments at fair value through other comprehensive income		(4,721)	329
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		4,009	854
Other comprehensive (expense) income for the year		(712)	1,183
Total comprehensive income for the year		281,733	439,480

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>Note</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year attributable to:			
Owners of the Company		263,915	367,492
Non-controlling interests		18,530	70,805
		<u>282,445</u>	<u>438,297</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		263,345	371,495
Non-controlling interests		18,388	67,985
		<u>281,733</u>	<u>439,480</u>
Earnings per share			
Basic	9	<u>HK\$0.21</u>	<u>HK\$0.29</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	<i>Notes</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current assets			
Investment properties		660,500	696,900
Property, plant and equipment		1,214,068	1,237,861
Right-of-use assets		479,393	–
Prepaid lease payments		–	451,413
Debt instruments at fair value through other comprehensive income		35,959	372,025
Deposits paid for acquisition of property, plant and equipment		15,086	16,612
Goodwill		110,960	110,960
		2,515,966	2,885,771
Current assets			
Inventories, at cost		15,070	14,241
Trade and other receivables	<i>10</i>	156,495	245,572
Debt instruments at fair value through other comprehensive income		46,415	96,783
Prepaid lease payments		–	15,980
Pledged bank deposits		348	44,040
Short-term bank deposits		980,656	300,662
Bank balances and cash		2,563,308	2,638,143
		3,762,292	3,355,421
Current liabilities			
Trade and other payables	<i>11</i>	140,214	192,384
Amounts due to fellow subsidiaries		7,377	3,930
Amounts due to non-controlling interests of a subsidiary		39,000	46,200
Taxation payable		254,146	319,253
Lease liabilities		2,936	–
		443,673	561,767
Net current assets		3,318,619	2,793,654
Total assets less current liabilities		5,834,585	5,679,425
Non-current liabilities			
Lease liabilities		26,943	–
Deferred taxation		100,643	111,254
		127,586	111,254
Net assets		5,706,999	5,568,171
Capital and reserves			
Share capital		123	126
Reserves		4,696,625	4,576,182
Equity attributable to owners of the Company		4,696,748	4,576,308
Non-controlling interests		1,010,251	991,863
Total equity		5,706,999	5,568,171

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by The Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and debt instruments at fair value through other comprehensive income (“FVTOCI”) which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Save as described in note 2, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended 31 March 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Transitions and summary of effects arising from initial application of HKFRS 16 Leases (“HKFRS 16”)

As a lessee

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	At 1 April 2019 HK\$’000
Right-of-use assets relating to operating leases recognised	27,666
Reclassified from prepaid lease payments (<i>Note</i>)	467,393
	<hr/> 495,059 <hr/>
By class:	
Leasehold land	493,515
Land and buildings	1,544
	<hr/> 495,059 <hr/>

2. **APPLICATION OF NEW AND AMENDMENTS TO HKFRSs** *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year
(Continued)

Transitions and summary of effects arising from initial application of HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

The application has no material impact on the Group’s consolidated statement of financial position as at 1 April 2019 as a lessor.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$’000</i>	Adjustments <i>HK\$’000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$’000</i>
Non-current assets			
Right-of-use assets <i>(Note)</i>	–	495,059	495,059
Prepaid lease payments <i>(Note)</i>	451,413	(451,413)	–
Current asset			
Prepaid lease payments <i>(Note)</i>	15,980	(15,980)	–
Current liability			
Lease liabilities	–	(634)	(634)
Non-current liability			
Lease liabilities	–	(27,032)	(27,032)

Note: Upfront payments for leasehold land in Macau were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portions of prepaid lease payments amounting to HK\$15,980,000 and HK\$451,413,000 respectively were reclassified to right-of-use assets.

Except for the application of HKFRS 16, the application of other amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁵
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

³ Effective for annual periods beginning on or after a date to be determined

⁴ Effective for annual periods beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 June 2020

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting (the “**New Framework**”) was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that the application of certain amendments to HKFRSs and the New Framework may have effect on the Group’s financial positions and performance and/or on the disclosures set out in the consolidated financial statements.

3. REVENUE

(a) Contracts with customers

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
An analysis of the Group's revenue is as follows:		
Recognised over time:		
Gaining operation:		
– Service income from gaming operation in mass market hall	623,226	664,826
– Service income from gaming operation in VIP room	267,961	429,423
– Service income from gaming operation in slot machine hall	35,658	42,607
Hotel operation:		
– Hotel room income	93,780	102,748
– Others	1,444	4,283
	<u>1,022,069</u>	<u>1,243,887</u>
Recognised at a point in time:		
Hotel operation:		
– Food and beverage sales	96,452	113,260
– Others	1,585	2,186
	<u>98,037</u>	<u>115,446</u>
Revenue from contracts with customers	<u>1,120,106</u>	<u>1,359,333</u>
Gaming operation	926,845	1,136,856
Hotel operation	193,261	222,477
Revenue from contracts with customers	<u>1,120,106</u>	<u>1,359,333</u>

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

All sales or services rendered from gaming and hotel operations 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.

3. **REVENUE** (Continued)
(b) **Leases**

2020
HK\$'000

Total revenue arising from leases:

Hotel operation:

– Operating lease payments that are fixed

23,124

2019
HK\$'000

Total revenue arising from leases:

Hotel operation:

– Operating lease income – property

22,002

4. **SEGMENT INFORMATION**

The executive directors of the Company 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.

For gaming operation, the CODM regularly analyse gaming revenue in terms of service income from mass market hall, VIP room and slot machine hall. No operating results or discrete financial information is presented to the CODM in relation to the above analysis. The CODM review the revenues and operating results of gaming operation as a whole and have identified the operating and reportable segments under HKFRS 8 Operating Segments as gaming operation and hotel operation.

The segment information reported externally is analysed on the basis of their types of services supplied by the Group’s operating divisions which is consistent with the internal information that is regularly reviewed by the CODM for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around different services provided by the Group. The principal activities of the operating and reportable segments are as follows:

Gaming operation – Mass market hall, VIP room and slot machine hall operations and provision of gaming-related marketing and public relation services in the casino of Grand Emperor Hotel (“**GEH**”) in Macau

Hotel operation – Hotel operation in GEH and Inn Hotel Macau (“**IHM**”) including property investment income from investment properties in these hotels in Macau

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

Inter-segment revenue is charged at a price mutually agreed by both parties.

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below:

Segment revenues and results For the year ended 31 March 2020

	Gaming operation HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	926,845	216,385	1,143,230	-	1,143,230
Inter-segment revenue	-	2,101	2,101	(2,101)	-
Total	<u>926,845</u>	<u>218,486</u>	<u>1,145,331</u>	<u>(2,101)</u>	<u>1,143,230</u>
Segment result based on the Adjusted EBITDA	<u>239,459</u>	<u>40,928</u>	<u>280,387</u>		280,387
Bank interest income					75,070
Interest income from debt instruments at FVTOCI					19,683
Loss on disposal of debt instruments at FVTOCI					(4,009)
Depreciation of property, plant and equipment					(98,543)
Depreciation of right-of-use assets					(19,486)
Exchange loss at corporate level					(7,661)
Fair value changes of investment properties					(36,400)
Finance costs					(2,334)
Profit before taxation					<u>206,707</u>

For the year ended 31 March 2019

	Gaming operation HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	1,136,856	244,479	1,381,335	-	1,381,335
Inter-segment revenue	-	1,621	1,621	(1,621)	-
Total	<u>1,136,856</u>	<u>246,100</u>	<u>1,382,956</u>	<u>(1,621)</u>	<u>1,381,335</u>
Segment result based on the Adjusted EBITDA	<u>332,003</u>	<u>66,042</u>	<u>398,045</u>		398,045
Bank interest income					52,680
Interest income from debt instruments at FVTOCI					30,282
Loss on disposal of debt instruments at FVTOCI					(854)
Depreciation of property, plant and equipment					(103,205)
Release of prepaid lease payments					(15,983)
Exchange loss at corporate level					(10,920)
Fair value changes of investment properties					17,600
Finance costs					(171)
Profit before taxation					<u>367,474</u>

4. SEGMENT INFORMATION *(Continued)*

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for the years ended 31 March 2020 and 31 March 2019.

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.

Geographical information

The Group's revenue was derived principally in Macau.

The non-current assets, other than a leasehold land and building included in right-of-use assets of HK\$2,547,000 (2019: Nil) and debt instruments at FVTOCI, are all located in Macau.

Information about major customer

During the Year, revenue derived from one (2019: one) customer which contributed over 10% of the Group's total revenue amounted to HK\$928,218,000 (2019: HK\$1,139,510,000). The revenue related to the gaming operation and the hotel operation.

5. OTHER LOSS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange loss	<u>7,661</u>	<u>10,920</u>

6. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	160,783	227,748
Depreciation of property, plant and equipment	98,543	103,205
Depreciation of right-of-use assets	19,486	–
Loss on disposal/write-off of property, plant and equipment	81	184
Loss on disposal of debt instruments at FVTOCI	4,009	854
Release of prepaid lease payments	–	15,983
and after crediting:		
Bank interest income (included in other income)	75,070	52,680
Interest income from debt instruments at FVTOCI (included in other income)	<u>19,683</u>	<u>30,282</u>

7. TAXATION CREDIT

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Macau Complementary Tax (“CT”)		
– current year	(26,662)	(40,545)
– overprovision in prior years	–	33
– reversal of tax provision in prior years	<u>91,769</u>	<u>111,605</u>
	<u>65,107</u>	<u>71,093</u>
Hong Kong Profits Tax		
– current year	–	(58)
– overprovision in prior years	<u>20</u>	<u>30</u>
	<u>20</u>	<u>(28)</u>
Deferred taxation	<u>10,611</u>	<u>(242)</u>
Taxation credit	<u><u>75,738</u></u>	<u><u>70,823</u></u>

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

Pursuant to the CT law, the statutory right to issue CT assessment on the estimated assessable profit in a year of assessment will expire in five consecutive years after that year of assessment. At the end of the reporting period, the Directors reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$91,769,000 for the 2014 year of assessment (2019: HK\$111,605,000 for the 2013 year of assessment) accordingly.

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group has no assessable profit for the current year. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the prior year.

8. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid in respect of 2019: HK\$0.054 per share (2019: HK\$0.057 per share in respect of 2018)	67,218	73,631
Interim dividend paid in respect of 2020: HK\$0.030 per share (2019: HK\$0.028 per share in respect of 2019)	37,049	35,871
	<u>104,267</u>	<u>109,502</u>

The Board proposed the payment of a final dividend of HK\$0.030 per share (2019: HK\$0.054 per share) for the year ended 31 March 2020 which is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Earnings (profit for the year attributable to owners of the Company) for the purpose of basic earnings per share	<u>263,915</u>	<u>367,492</u>
	2020	2019
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	<u>1,241,252,253</u>	<u>1,285,495,778</u>

Diluted earnings per share is not presented as there was no dilutive potential ordinary share for both years.

10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	76,340	151,156
Less: Impairment allowance	<u>(52,741)</u>	<u>(53,126)</u>
	23,599	98,030
Chips on hand	69,277	122,888
Other receivables and prepayments	<u>63,619</u>	<u>24,654</u>
	<u>156,495</u>	<u>245,572</u>

As at 31 March 2020, trade receivables comprise receivables from contracts with customers and lease receivables of HK\$22,487,000 (2019: HK\$94,462,000) and HK\$1,112,000 (2019: HK\$3,568,000) respectively.

As at 1 April 2018, the amount of trade receivables comprised receivables from contracts with customers and lease receivables of HK\$112,634,000 and HK\$3,568,000 respectively.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	8,915	81,775
31 – 60 days	1,212	456
61 – 90 days	568	780
91 – 180 days	4	1,335
Over 180 days	<u>12,900</u>	<u>13,684</u>
	<u>23,599</u>	<u>98,030</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 patterns, where the credit periods are extended to a longer period.

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

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	7,616	12,068
Chips in custody and deposits from gaming patrons	17,905	25,422
Construction payables and accruals	2,670	4,688
Other payables and accruals	77,533	87,027
Accrued staff costs	16,490	45,179
Short-term advance	18,000	18,000
	<u>140,214</u>	<u>192,384</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 – 30 days	1,744	6,083
31 – 60 days	5,829	5,677
61 – 90 days	43	105
91 – 180 days	–	165
Over 180 days	–	38
	<u>7,616</u>	<u>12,068</u>

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

12. EVENT AFTER REPORTING PERIOD

On 19 February 2010, an indirectly wholly-owned subsidiary of the Company and Sociedade de Jogos de Macau, S.A. (“SJM”) entered into a service agreement for provision of management and promotion services to SJM in the GEH casino (the “2010 Service Agreement”). Subsequent to 31 March 2020, this subsidiary entered into an addendum with SJM for the continuation of the provision of these services. Pursuant to this addendum, the term of the 2010 Service Agreement has been extended to 26 June 2022, while the Group's entitlement to service fees and all other major terms under the 2010 Service Agreement remain unchanged. Details of the addendum were disclosed in the joint announcement of the Company and Emperor International Holdings Limited dated 13 May 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in provision of entertainment and hospitality services in Macau.

MARKET REVIEW

During the Year, the Sino-US tensions and the outbreak of coronavirus disease (COVID-19; the “**Pandemic**”) have resulted in the most drastic economic slump over the past two decades. Due to the Pandemic, stringent travel restrictions and health control measures upon arrivals were imposed; the whole gaming services in Macau was even compulsorily closed for 15 days in February 2020, resulting in a significant drop in visitation in Macau. During the first quarter of 2020, visitor arrivals to Macau were only 3.2 million, down by 68.9% year-on-year, while Macau’s gross gaming revenue was MOP30.6 billion, significantly declined by 59.9% and 57.7% year-on-year and quarter-on-quarter, respectively.

FINANCIAL REVIEW

Overall Review

As a result of the decline in the number of visitors and weakening market sentiment, the Group’s revenue decreased by 17.2% to HK\$1,143.2 million (2019: HK\$1,381.3 million). The Group’s gaming revenue decreased by 18.5% to HK\$926.8 million (2019: HK\$1,136.8 million), accounting for 81.1% (2019: 82.3%) of the total revenue. Profit for the Year attributable to the owners of the Company was HK\$263.9 million (2019: HK\$367.5 million). Basic earnings per share were HK\$0.21 (2019: HK\$0.29). The Board recommended the payment of a final dividend of HK\$0.030 (2019: HK\$0.054) per share. Together with the interim dividend of HK\$0.030 (2019: HK\$0.028), the total dividends for the Year are HK\$0.060 (2019: 0.082) per share.

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\$3,544.3 million (2019: HK\$2,982.8 million) as at 31 March 2020, which are mainly denominated in Hong Kong dollar and United States dollar. The Group funded its operations and capital expenditure by cash generated internally from its operations. The Group’s foreign exchange exposure risk mainly arises from its assets denominated in Renminbi. The Group closely monitors its overall foreign exchange exposure, and adopts appropriate measures to mitigate its currency risk when necessary.

The Group's current assets and current liabilities as at 31 March 2020 were HK\$3,762.3 million (2019: HK\$3,355.4 million) and HK\$443.7 million (2019: HK\$561.8 million), respectively. As at 31 March 2020, the advances from non-controlling interests of a subsidiary of the Company amounted to HK\$39.0 million (2019: HK\$46.2 million), which was denominated in Hong Kong dollar, unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. The Group was in a net cash position as at 31 March 2020 and hence its gearing ratio (calculated as net debt divided by total equity plus net debt) was zero (2019: zero).

During the Year, the Company had repurchased 24,585,000 shares (the “**Repurchased Shares**”) of its own shares from the market using internal resources, at an aggregate consideration of approximately HK\$38.5 million and an average price of HK\$1.567 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 2.0% to 1,234,240,983 (2019: 1,258,825,983) and its issued share capital was HK\$123,000 (2019: HK\$126,000). 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 2020, fixed assets with carrying values of approximately HK\$2.1 billion (2019: HK\$2.2 billion) were pledged to two banks as security for banking facilities of a total of HK\$520.0 million (2019: HK\$520.0 million). In addition, the Group has a bank deposit of HK\$0.3 million (2019: HK\$0.3 million) pledged as a security deposit for the use of ferry ticket equipment provided by a third party. There was a pledged bank deposit of HK\$43.7 million for obtaining a bank guarantee in the amount of MOP45.0 million (equivalent to HK\$43.7 million) in favour of SJM for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM of the salaries and benefits for SJM gaming operation employees who work in the casino where the Group provides services to SJM, as stipulated in the service agreement between SJM and the Group. The pledge for this bank deposit was released at the end of the Year upon expiry of the security.

BUSINESS REVIEW

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

Located at the heart of Macau's Taipa Island, IHM is a 17-storey hotel with a gross floor area of approximately 209,000 square feet, and 287 guest rooms. IHM creates a comfortable experience, catering to the lifestyles of both leisure and business travellers. Through extending coverage from the Macau Peninsula to Taipa, IHM enables the Group to fully capture the potential of Macau's hospitality market.

In November 2019, the trademark “英皇” has been recognised as well-known to relevant public in mainland China and obtained cross-class protection from the National Intellectual Property Administration, affirming their wide recognition and brand value in China.

Gaming Revenue

The Group's casino in GEH is operated under the gaming licence held by SJM. During the Year, the Group's total gaming revenue decreased to HK\$926.8 million (2019: HK\$1,136.8 million).

Gaming Concourse

The gross win in the gaming concourse was HK\$1,113.8 million (2019: HK\$1,187.0 million). Revenue from the gaming concourse was down by 6.3% to HK\$623.2 million (2019: HK\$664.8 million), contributing 67.3% (2019: 58.5%) of the Group's total gaming revenue. There were 67 (2019: 67) tables in the gaming concourse. Average win per table per day was approximately HK\$45,000 (2019: HK\$49,000).

VIP Room

The Group self-managed a VIP room with 10 (2019: 10) tables. The rolling amount during the Year declined to HK\$10.2 billion (2019: HK\$19.3 billion). Revenue from the VIP room also declined to HK\$267.9 million (2019: HK\$429.4 million), contributing 28.9% (2019: 37.8%) of the Group's total gaming revenue. Average win per table per day was approximately HK\$129,000 (2019: HK\$207,000).

Slot Machines

With a capacity of 180 (2019: 180) slot seats as at 31 March 2020, the gross win from slot machines was HK\$75.1 million (2019: HK\$89.7 million). Revenue from the slot machines was HK\$35.7 million (2019: HK\$42.6 million), accounting for 3.8% (2019: 3.7%) of the Group's total gaming revenue. Average win per seat per day was HK\$1,148 (2019: HK\$1,442).

Hotel Revenue

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$216.4 million (2019: HK\$244.5 million), accounting for 18.9% (2019: 17.7%) of the Group's total revenue. As of 31 March 2020, GEH and IHM provided 311 and 287 guest rooms respectively. During the Year, the average room rates of GEH and IHM were HK\$830 (2019: HK\$888) per night and HK\$504 (2019: HK\$520) per night, with occupancy rates of 88% (2019: 94%) and 90% (2019: 93%), respectively. Total room revenue was HK\$93.8 million (2019: HK\$102.7 million). Total food and beverage revenue was HK\$96.5 million (2019: HK\$113.3 million), while the rental income and other revenue totalled HK\$26.1 million (2019: HK\$28.5 million).

OUTLOOK

Macau has been designated as a global gaming hub by the Chinese government, while Hengqin is one of the major development cities within the Greater Bay Area. With the further cooperation between Macau and Hengqin, Macau will be able to seize the market potential and further enhance its leading tourism position. In light of the expanding middle class, more comprehensive transportation network as well as the support of favourable measures for the tourism industry, the Group remains confident regarding the longer term outlook for Macau.

The unfavourable business environment arising from the Pandemic and the volatile global economy are likely to somewhat hinder the development of Macau's gaming market. In response to the recent downturn in market sentiment, the Group will closely monitor the market situation, and promptly adjust strategies accordingly. As soon as the Pandemic is well contained, and the travel restrictions and health control measures upon arrivals are eased, the Group expects that the suppressed desire for leisure and pent-up consumption demand will be unleashed, resulting in an obvious rebound on the number of visitor arrivals. The Group strives to stay competitive in the marketplace, and anticipates reaping the greatest benefits when the market revives.

EVENTS AFTER REPORTING PERIOD

Continuing Connected Transactions

Subsequent to the end of the Year, the Group entered into an addendum with SJM for the continuation of the provision of management and promotion services to SJM in GEH casino, as in the 2010 Service Agreement. Pursuant to this addendum, the term of the 2010 Service Agreement has been extended to 26 June 2022 while the Group's entitlement to service fees and all other major terms under the 2010 Service Agreement remain unchanged. Details of the addendum were disclosed in the joint announcement of the Company and Emperor International Holdings Limited dated 13 May 2020.

Impact of the Pandemic

Since the end of the Year, the Pandemic has been spreading worldwide, causing severe disruptions to global travel. Although economic activities in the Greater China have gradually resumed, it is expected that the general market sentiment may even turn stagnant, as the regional economy outlook remains clouded. A tough business environment is expected to persist for some time. Since the duration of the Pandemic is still uncertain, the Group cannot reasonably quantify its financial impact at the date of this annual results announcement. However, a prolonged outbreak may have a material effect on the Group's consolidated results of operations, cash flows and financial positions for the year ending 31 March 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group's number of employee was 949 (2019: 1,143). Total staff costs including Directors' remuneration and the other staff costs for the Year were HK\$449.8 million (2019: HK\$451.7 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 rewards to staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed "Share Option" of the Company's annual report.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK\$0.030 (2019: HK\$0.054) per share ("**Final Dividend**") for the Year, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company ("**AGM**") to be held on 18 August 2020 (Tuesday). If being approved, the Final Dividend will be paid on 11 September 2020 (Friday) to shareholders whose names appear on the register of members of the Company on 28 August 2020 (Friday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders' right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 12 August 2020 (Wednesday)
AGM	18 August 2020 (Tuesday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 26 August 2020 (Wednesday)
Book close dates	27 August 2020 (Thursday) to 28 August 2020 (Friday) (both days inclusive)
Record date	28 August 2020 (Friday)
Final Dividend payment date	11 September 2020 (Friday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration before the above respective latest time.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises the three Independent Non-executive Directors of the Company, had reviewed the audited consolidated financial statements for the Year in conjunction with the Group's auditor, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2020 and annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied throughout the Year with all the provisions of the Corporate Governance Code as set out in Appendix 14 of 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 set out in the Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and the EEH Securities Code throughout the Year.

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 Year.

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

During the Year, the Company repurchased a total of 24,585,000 shares of the Company ("**Shares**") at an aggregate consideration of HK\$38,513,250 (before expenses) on the Stock Exchange. All such repurchased Shares were subsequently cancelled during the Year. As at 31 March 2020, there was a total of 1,234,240,983 (2019: 1,258,825,983) Shares in issue.

Details of the repurchased Shares during the Year are as follows:

Month of Shares repurchase	Number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid (before expenses) HK\$
April 2019	7,845,000	1.74	1.68	13,332,700
June 2019	1,270,000	1.65	1.53	2,046,800
July 2019	4,940,000	1.62	1.58	7,821,000
August 2019	1,755,000	1.45	1.41	2,507,900
September 2019	4,025,000	1.53	1.41	5,975,250
October 2019	4,020,000	1.61	1.47	6,095,200
March 2020	730,000	1.02	1.00	734,400
Total	<u>24,585,000</u>			<u>38,513,250</u>

The repurchases were made with a view to enhancing the net asset value and/or earnings per Share.

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

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 23 June 2020

As at the date hereof, 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: Mr. Yu King Tin
Ms. Kwan Shin Luen, Susanna
Ms. Lai Ka Fung, May