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

(Incorporated in Bermuda with limited liability)

(Stock Code: 296)

2020/2021 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “**Board**” or “**Directors**”) of Emperor Entertainment Hotel Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 March 2021 (the “**Year**”).

	For the year ended 31 March	
	2021	2020
	HK\$’000	HK\$’000
Revenue	301,855	1,143,230
Gaming revenue	209,075	926,845
– From mass market hall	138,008	623,226
– From VIP room	55,556	267,961
Hotel revenue	92,780	216,385
Gross (loss) profit	(103,443)	614,150
(Loss) profit attributable to owners of the Company	(177,576)	263,915
Basic (loss) earnings per share	HK\$(0.15)	HK\$0.21
Final dividend per share	HK\$0.015	HK\$0.030
Total dividends per share	HK\$0.030	HK\$0.060

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Year, travel restrictions were enforced worldwide due to the Covid-19 pandemic, leading to a drastic decrease in the number of visitor arrivals in Macau, which severely impacted the Group's business operations. Nevertheless, benefiting from the resumption of the Individual Visit Scheme for all residents in Mainland China to Macau since September 2020, the number of visitors to Macau has significantly improved and a suppressed gaming demand was unlocked, hence the Group's business performances improved markedly in the second half of the Year (the "2H"). The Group's total revenue during the Year was HK\$301.9 million (2020: HK\$1,143.2 million), with the revenue during the 2H being 125% more than that of the first half of the Year, implying a strong recovery during the 2H.

Loss for the Year attributable to the owners of the Company was HK\$177.6 million (2020: Profit of HK\$263.9 million). Basic loss per share was HK\$0.15 (2020: Basic earnings per share of HK\$0.21). The Board recommended the payment of a final dividend of HK\$0.015 (2020: HK\$0.030) per share. Together with the interim dividend of HK\$0.015 (2020: HK\$0.030) per share, the total dividends for the Year are HK\$0.030 (2020: HK\$0.060) per share.

MARKET REVIEW

The Covid-19 pandemic was a devastating blow for the world economy. As a result of the international travel and entry restrictions, visitor arrivals in Macau decreased by 86.3% while Macau's gross gaming revenue decreased by 78.1% during the Year. Besides, several precautionary measures such as reduced number of seats per table, slot machine spacing, evidence of Covid-19 negative test results for gaming hall entry, etc. remained in effect during the Year. All casino and hotel operations in Macau have thus been immensely disrupted.

Whilst most countries are still suffering from the Covid-19, it was substantially contained in China. The Individual Visit Scheme from Mainland China to Macau was resumed since September 2020, leading to a gradual improvement in Macau's visitation since the fourth quarter of 2020. Accordingly, Macau's gross gaming revenue only decreased by 55.5% year-on-year in the 2H, a notable improvement from a 94.2% year-on-year decline in the first half of the Year.

BUSINESS REVIEW

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

As at 31 March 2021, the Group operated two hotels, Grand Emperor Hotel ("GEH") and Inn Hotel Macau ("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 mass market hall 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.

Gaming Revenue

The Group's casino in GEH is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. ("SJM"). During the Year, the Group entered into an addendum (the "Addendum") with SJM for the continuation of the provision of management and promotion services to SJM in the GEH casino, as in the service agreement between an indirectly wholly-owned subsidiary of the Company and SJM dated 19 February 2010 (the "2010 Service Agreement"). Pursuant to the 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 ("Emperor International") dated 13 May 2020.

Despite the number of visitor arrivals to Macau dropped by 86.3% during the Year, the Group's total gaming revenue decreased by 77.4% only to HK\$209.1 million (2020: HK\$926.8 million), accounting for 69.3% (2020: 81.1%) of the Group's total revenue.

Mass Market Hall

The mass market gross win during the Year was HK\$242.1 million (2020: HK\$1,113.8 million). Revenue from the mass market hall was HK\$138.0 million (2020: HK\$623.2 million), contributing 66.0% (2020: 67.3%) of the Group's total gaming revenue. There were 67 (2020: 67) tables in the mass market hall. Average win per table per day was approximately HK\$10,000 (2020: HK\$45,000).

VIP Room

The Group self-managed a VIP room with 10 (2020: 10) tables. The rolling amount during the Year was HK\$2.4 billion (2020: HK\$10.2 billion). Revenue from the VIP room was HK\$55.6 million (2020: HK\$267.9 million), contributing 26.6% (2020: 28.9%) of the Group's total gaming revenue. Average win per table per day was approximately HK\$27,000 (2020: HK\$129,000).

Slot Machines

With a capacity of 180 (2020: 180) slot seats as at 31 March 2021, the gross win from slot machines during the Year was HK\$32.7 million (2020: HK\$75.1 million). Revenue from the slot machines was HK\$15.5 million (2020: HK\$35.7 million), accounting for 7.4% (2020: 3.8%) of the Group's total gaming revenue. Average win per seat per day was HK\$497 (2020: HK\$1,148).

Hotel Revenue

During the Year, the Group's hotel revenue was derived from the hospitality income of GEH and IHM, which amounted to HK\$92.8 million (2020: HK\$216.4 million), accounting for 30.7% (2020: 18.9%) of the Group's total revenue. As of 31 March 2021, GEH and IHM provided 311 and 287 guest rooms respectively. During the Year, the average room rates of GEH and IHM were HK\$479 (2020: HK\$830) per night and HK\$280 (2020: HK\$504) per night, with occupancy rates of 53% (2020: 88%) and 56% (2020: 90%), respectively. Total room revenue was HK\$29.5 million (2020: HK\$93.8 million). Total food and beverage revenue was HK\$48.6 million (2020: HK\$96.5 million), while the rental income and other revenue totalled HK\$14.7 million (2020: HK\$26.1 million).

Special Dividend and Acquisition Completed Subsequent to the Year

On 25 May 2021, the Board resolved to declare the payment of a special dividend of HK\$0.050 per share, totalling approximately HK\$59.9 million, to the shareholders of the Company which shall be made on 25 June 2021. Details of the special dividend were disclosed in the Company's announcement dated 25 May 2021.

In addition, on 28 May 2021, the Group completed the acquisition of three hotel and hotel-related properties in Hong Kong – The Emperor Hotel, The Unit Serviced Apartments and MORI MORI Serviced Apartments – from its parent company, Emperor International, at a consideration of approximately HK\$2,048.8 million. Upon completion, the Group remains its core focus on gaming hotel operations, with the sources of income widened by expanding its hospitality business coverage beyond Macau to also include Hong Kong. The Group can then master an integrated marketing strategy for its entire hospitality business, and provide a unique service to visitors travelling to both cities by implementing joint promotional schemes. Details of the acquisition were disclosed in the joint announcement of Emperor International and the Company dated 16 March 2021 and the Company's circular dated 30 April 2021.

OUTLOOK

Since the Covid-19 pandemic has been substantially contained in China so far, Macau is expected to reap the greatest benefits when the suppressed outbound travel and gaming demand from mainland China are released. In tandem with the expansion of the middle-income group, more comprehensive transportation linkages, plus further integration in the Greater Bay Area, this will reinforce Macau's position as a global leisure and tourism hub, as well as Hong Kong's position as a favourite shopping destination and international finance centre. Besides, it will benefit the entertainment sector in Macau and the hospitality sector in Hong Kong, given that the travellers invariably include both cities in one single itinerary, due to their close proximity while having distinct characteristics yet complementary positioning.

It is expected that a travel bubble or health code will soon be launched. With the Group strategically owning several hotels and serviced apartments in Hong Kong and Macau, it will be able to adopt a comprehensive marketing strategy for its hospitality business as a whole, and deliver unparalleled services to travellers visiting both these cities. As the vaccination programmes are rolling out globally, it is expected that travel restrictions will be gradually lifted. With the Group's strengthened footprint in Hong Kong and Macau, it is well prepared for the tourism rebound and recovery of consumption and entertainment sentiment, and is confident regarding the long-term development of the Group.

FINANCIAL 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\$3,340.1 million (2020: HK\$3,544.3 million) as at 31 March 2021, which are mainly denominated in Hong Kong dollar and Renminbi (2020: Hong Kong dollar and United States dollar). The Group funded its operations and capital expenditure by cash generated from its operations and deposits reserved at the banks. During the Year, the Group did not expose to significant foreign exchange rates risk as most of the Group's assets, liabilities and transactions were transacted at and denominated in the functional currency of its operations. At the end of the reporting period, the Group's foreign exchange exposure 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 2021 were HK\$3,458.1 million (2020: HK\$3,762.3 million) and HK\$357.3 million (2020: HK\$443.7 million), respectively. As at 31 March 2021, the advances from non-controlling interests of a subsidiary of the Company amounted to HK\$39.0 million (2020: HK\$39.0 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 2021 and hence its gearing ratio (calculated as net debt divided by total equity plus net debt) was zero (2020: zero).

During the Year, the Company had repurchased 24,665,000 shares (the “**Repurchased Shares**”) of its own shares from the market using internal resources, at an aggregate consideration of HK\$27.7 million (excluding the relevant transaction costs and expenses), and an average price of HK\$1.124 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 1,209,575,983 (2020: 1,234,240,983) shares and its issued share capital was HK\$121,000 (2020: HK\$123,000) as at 31 March 2021. Having considered the Group's strong cash reserves, the Directors believe the share repurchases would enhance value to the Company's shareholders and benefit the Company and its shareholders as a whole.

Pledge of Assets

As at 31 March 2021, assets with carrying values of approximately HK\$2.0 billion (2020: HK\$2.1 billion) were pledged to two banks as security for banking facilities of a total of HK\$520.0 million (2020: HK\$520.0 million). In addition, the Group has a bank deposit of HK\$63.0 million (2020: Nil) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas (“**MOP**”) 64.5 million (equivalent to HK\$62.6 million) in favour of SJM for the Group's fulfilment of all its obligations as stipulated in the 2010 Service Agreement (as supplemented by the Addendum), and another bank deposit of HK\$0.4 million (2020: HK\$0.3 million) pledged as security deposit for the use of ferry ticket equipment provided by a third party.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group's number of employees was 770 (2020: 949). Total staff costs including Directors' remuneration and the other staff costs for the Year were HK\$313.2 million (2020: HK\$449.8 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 incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the annual report of the Company.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK\$0.015 (2020: HK\$0.030) 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 19 August 2021 (Thursday). If being approved, the Final Dividend will be paid on 14 September 2021 (Tuesday) to shareholders whose names appear on the register of members of the Company on 31 August 2021 (Tuesday).

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 13 August 2021 (Friday)
AGM	19 August 2021 (Thursday)

For ascertaining shareholders' entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 27 August 2021 (Friday)
Book close dates	30 August 2021 (Monday) to 31 August 2021 (Tuesday) (both days inclusive)
Record date	31 August 2021 (Tuesday)
Final Dividend payment date	14 September 2021 (Tuesday)

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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue			
Contracts with customers	3(a)	287,167	1,120,106
Leases	3(b)	14,688	23,124
		<u>301,855</u>	<u>1,143,230</u>
Total revenue		301,855	1,143,230
Cost of sales		(16,791)	(33,783)
Cost of hotel and gaming operations		(388,507)	(495,297)
		<u>(103,443)</u>	<u>614,150</u>
Gross (loss) profit		(103,443)	614,150
Other income		60,488	96,667
Other loss	5	(5,064)	(7,661)
Impairment allowance reversed for trade receivables		99	385
Fair value changes of investment properties		(36,000)	(36,400)
Selling and marketing expenses		(58,987)	(212,361)
Administrative expenses		(160,185)	(245,739)
Finance costs		(1,235)	(2,334)
		<u>(304,327)</u>	<u>206,707</u>
(Loss) profit before taxation	6	(304,327)	206,707
Taxation credit	7	79,878	75,738
		<u>(224,449)</u>	<u>282,445</u>
(Loss) profit for the year		(224,449)	282,445
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value changes of debt instruments at fair value through other comprehensive income		854	(4,721)
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		(3,270)	4,009
		<u>(2,416)</u>	<u>(712)</u>
Other comprehensive expense for the year		(2,416)	(712)
Total comprehensive (expense) income for the year		<u>(226,865)</u>	<u>281,733</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Note	2021 HK\$'000	2020 HK\$'000
(Loss) profit for the year attributable to:			
Owners of the Company		(177,576)	263,915
Non-controlling interests		<u>(46,873)</u>	<u>18,530</u>
		<u>(224,449)</u>	<u>282,445</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		(180,175)	263,345
Non-controlling interests		<u>(46,690)</u>	<u>18,388</u>
		<u>(226,865)</u>	<u>281,733</u>
(Loss) earnings per share			
Basic	9	<u>HK\$(0.15)</u>	<u>HK\$0.21</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties		624,500	660,500
Property, plant and equipment		1,140,345	1,214,068
Right-of-use assets		459,271	479,393
Debt instruments at fair value through other comprehensive income		–	35,959
Deposits paid for acquisition of property, plant and equipment		12,712	15,086
Pledged bank deposit		63,000	–
Goodwill		110,960	110,960
		<u>2,410,788</u>	<u>2,515,966</u>
Current assets			
Inventories		11,738	15,070
Trade and other receivables	10	169,271	156,495
Debt instruments at fair value through other comprehensive income		–	46,415
Pledged bank deposit		353	348
Short-term bank deposits		1,415,665	980,656
Bank balances and cash		1,861,052	2,563,308
		<u>3,458,079</u>	<u>3,762,292</u>
Current liabilities			
Trade and other payables	11	127,257	140,214
Amount due to a fellow subsidiary		3,137	7,377
Amounts due to non-controlling interests of a subsidiary		39,000	39,000
Taxation payable		186,641	254,146
Lease liabilities		1,234	2,936
		<u>357,269</u>	<u>443,673</u>
Net current assets		<u>3,100,810</u>	<u>3,318,619</u>
Total assets less current liabilities		<u>5,511,598</u>	<u>5,834,585</u>
Non-current liabilities			
Lease liabilities		26,110	26,943
Deferred taxation		88,233	100,643
		<u>114,343</u>	<u>127,586</u>
Net assets		<u>5,397,255</u>	<u>5,706,999</u>
Capital and reserves			
Share capital		121	123
Reserves		4,433,573	4,696,625
Equity attributable to owners of the Company		<u>4,433,694</u>	<u>4,696,748</u>
Non-controlling interests		963,561	1,010,251
Total equity		<u>5,397,255</u>	<u>5,706,999</u>

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS 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 2020.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions.

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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 and the related Amendments ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ³

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

² Effective for annual periods beginning on or after 1 April 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE
(a) Contracts with customers

	2021	2020
	HK\$'000	HK\$'000
An analysis of the Group's revenue is as follows:		
Recognised over time:		
Gaming operation:		
– Service income from gaming operation in mass market hall	138,008	623,226
– Service income from gaming operation in VIP room	55,556	267,961
– Service income from gaming operation in slot machine hall	15,511	35,658
Hotel operation:		
– Hotel room income	29,472	93,780
– Others	–	1,444
	238,547	1,022,069
Recognised at a point in time:		
Hotel operation:		
– Food and beverage sales	48,620	96,452
– Others	–	1,585
	48,620	98,037
Revenue from contracts with customers	287,167	1,120,106
Gaming operation	209,075	926,845
Hotel operation	78,092	193,261
Revenue from contracts with customers	287,167	1,120,106

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, the transaction price allocated to these remaining performance obligations is not disclosed.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total revenue arising from leases:		
Hotel operation:		
– Operating lease payments that are fixed	<u>14,688</u>	<u>23,124</u>

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 their types of services provided 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.

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 further operating results is presented to the CODM in relation to the above analysis. Instead, 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 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 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 loss/earnings before interest, tax, depreciation and amortisation, gain or loss on disposal of debt instruments at FVTOCI, exchange loss at corporate level and fair value changes of investment properties (the “Adjusted LBITDA”/“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 2021

	Gaming operation	Hotel operation	Total	Elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue					
External revenue	209,075	92,780	301,855	–	301,855
Inter-segment revenue	–	1,200	1,200	(1,200)	–
	<u>209,075</u>	<u>93,980</u>	<u>303,055</u>	<u>(1,200)</u>	<u>301,855</u>
Total					
Segment result based on the Adjusted LBITDA	<u>(180,481)</u>	<u>(24,883)</u>	<u>(205,364)</u>		(205,364)
Bank interest income					53,639
Interest income from debt instruments at FVTOCI					921
Gain on disposal of debt instruments at FVTOCI					3,270
Depreciation of property, plant and equipment					(94,372)
Depreciation of right-of-use assets					(20,122)
Exchange loss at corporate level					(5,064)
Fair value changes of investment properties					(36,000)
Finance costs					<u>(1,235)</u>
Loss before taxation					<u>(304,327)</u>

4. SEGMENT INFORMATION (Continued)
Segment revenues and results (Continued)
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)	–
	<u>926,845</u>	<u>218,486</u>	<u>1,145,331</u>	<u>(2,101)</u>	<u>1,143,230</u>
Total					
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					<u>(2,334)</u>
Profit before taxation					<u>206,707</u>

Other than the segment information disclosed above, there was no other information reviewed by the CODM for the years ended 31 March 2021 and 31 March 2020.

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 land and building included in right-of-use assets of HK\$637,000 (2020: HK\$2,547,000) as at 31 March 2021 and debt instruments at FVTOCI as at 31 March 2020, are all located in Macau.

Information about major customer

During the year, revenue derived from one (2020: one) customer which contributed over 10% of the Group's total revenue amounted to HK\$209,075,000 (2020: HK\$928,218,000). The revenue related to the gaming operation (2020: the gaming operation and the hotel operation).

5. OTHER LOSS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Exchange loss	<u>5,064</u>	<u>7,661</u>

6. (LOSS) PROFIT BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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(Loss) profit before taxation has been arrived at after charging:

Commission expenses in gaming operation (included in selling and marketing expenses)	38,200	160,783
Depreciation of property, plant and equipment	94,372	98,543
Depreciation of right-of-use assets	20,122	19,486
Loss on disposal/write-off of property, plant and equipment	11	81
Loss on disposal of debt instruments at FVTOCI (included in administrative expenses)	–	4,009

and after crediting:

Bank interest income (included in other income)	53,639	75,070
Gain on disposal of debt instruments at FVTOCI (included in other income)	3,270	–
Government subsidies (included in other income)	971	–
Interest income from debt instruments at FVTOCI (included in other income)	921	19,683
Covid-19-related rent concession	<u>545</u>	<u>–</u>

7. TAXATION CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Macau Complementary Tax (“CT”)		
– current year	(1,527)	(26,662)
– reversal of tax provision in prior years	69,032	91,769
– Underprovision in prior years	<u>(37)</u>	<u>–</u>
	67,468	65,107
Hong Kong Profits Tax		
– Overprovision in prior years	–	20
Deferred taxation	<u>12,410</u>	<u>10,611</u>
Taxation credit	<u>79,878</u>	<u>75,738</u>

7. TAXATION CREDIT (Continued)

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\$69,032,000 for the 2015 year of assessment (2020: HK\$91,769,000 for the 2014 year of assessment) accordingly.

No provision for Hong Kong Profits Tax is made in the consolidated financial statements as the Group has no assessable profit for both years.

8. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid in respect of 2020: HK\$0.030 per share (2020: HK\$0.054 per share in respect of 2019)	36,833	67,218
Interim dividend paid in respect of 2021: HK\$0.015 per share (2020: HK\$0.030 per share in respect of 2020)	18,225	37,049
	<u>55,058</u>	<u>104,267</u>

The Board proposed the payment of a final dividend of HK\$0.015 (2020: HK\$0.030) per share for the year ended 31 March 2021 which is subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

9. (LOSS) EARNINGS PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
(Loss) earnings		
(Loss) earnings for the year attributable to owners of the Company for the purpose of basic (loss) earnings per share	<u>(177,576)</u>	<u>263,915</u>
	2021	2020
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic (loss) earnings per share	<u>1,222,141,613</u>	<u>1,241,252,253</u>

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

10. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	61,841	76,340
Less: Impairment allowance	<u>(20,879)</u>	<u>(52,741)</u>
	40,962	23,599
Chips on hand	54,666	69,277
Other receivables and prepayments	<u>73,643</u>	<u>63,619</u>
	<u>169,271</u>	<u>156,495</u>

As at 31 March 2021, trade receivables comprise receivables from contracts with customers and lease receivables of HK\$37,337,000 (2020: HK\$22,487,000) and HK\$3,625,000 (2020: HK\$1,112,000) respectively.

As at 1 April 2019, trade receivables from contracts with customers amounted to HK\$94,462,000.

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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	25,905	8,915
31 – 60 days	959	1,212
61 – 90 days	359	568
91 – 180 days	839	4
Over 180 days	<u>12,900</u>	<u>12,900</u>
	<u>40,962</u>	<u>23,599</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.

As at 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$14,098,000 (2020: HK\$13,472,000) which are past due at the end of the reporting period. Out of the past due balances, HK\$13,739,000 (2020: HK\$12,904,000) has been past due 90 days or more and is not considered as in default as the directors of the Company are of the opinion that the balances are still recoverable due to long-term/ongoing relationship or agreed settlement plan with the customers.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	9,374	7,616
Chips in custody and deposits from gaming patrons	19,730	17,905
Construction payables and accruals	1,058	2,670
Other payables and accruals	66,159	77,533
Accrued staff costs	12,936	16,490
Short-term advance	18,000	18,000
	<u>127,257</u>	<u>140,214</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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	3,552	1,744
31 – 60 days	5,247	5,829
61 – 90 days	317	43
91 – 180 days	74	–
Over 180 days	184	–
	<u>9,374</u>	<u>7,616</u>

Other payables and accruals mainly include other accrued expenses and other deposits.

12. EVENTS AFTER REPORTING PERIOD

- (a) On 25 May 2021, the Board resolved to declare the payment of a special dividend of HK\$0.050 per share, totalling HK\$59,865,000, to the shareholders of the Company which shall be made on 25 June 2021. Details of the special dividend were disclosed in the Company's announcement dated 25 May 2021.
- (b) On 28 May 2021, the Group completed the acquisition of the entire interest in Poly Keen International Limited ("**Poly Keen**") and the loan due from Poly Keen to a directly wholly-owned subsidiary of Emperor International, at a consideration of HK\$2,048,832,000. Poly Keen and its subsidiaries are principally engaged in hospitality business and property investment in Hong Kong. Details of the acquisition were disclosed in the joint announcement of Emperor International and the Company dated 16 March 2021 and the Company's circular dated 30 April 2021. Since the initial accounting for business combination is incomplete up to the date of this announcement, no further disclosure in relation to the acquisition could be made.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU, REGISTERED PUBLIC INTEREST ENTITY AUDITOR

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 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 2021 and annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules throughout the Year.

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 for securities dealings as 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 had 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 24,665,000 shares of the Company ("Shares") at an aggregate consideration of HK\$27,724,400 (before expenses) on the Stock Exchange. All such Repurchased Shares were cancelled during the Year. As at 31 March 2021, there was a total of 1,209,575,983 (2020: 1,234,240,983) 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 <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
July 2020	5,205,000	1.08	1.04	5,518,350
August 2020	4,220,000	1.20	1.08	4,876,800
September 2020	7,290,000	1.21	1.16	8,641,850
October 2020	960,000	1.11	1.09	1,054,400
December 2020	2,360,000	1.14	1.10	2,655,650
January 2021	2,755,000	1.10	1.01	2,864,300
March 2021	1,875,000	1.15	1.11	2,113,050
Total	<u>24,665,000</u>			<u>27,724,400</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, 22 June 2021

As at the date hereof, the Board comprises:

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