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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)

2021/2022 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 2022 (the “**Year**”).

RESULTS

Although market sentiment was yet to fully recover from the impact of the Covid-19 pandemic, the Group’s total revenue increased by 37.8% to HK\$415.9 million (2021: HK\$301.9 million) during the Year. Due to a significant increase in fair value loss and impairment losses during the Year, loss for the Year attributable to the owners of the Company of HK\$528.3 million (2021: HK\$177.6 million) was recorded. Basic loss per share was HK\$0.44 (2021: HK\$0.15). The total dividends for the Year are HK\$0.065 (2021: HK\$0.030) per share, which comprised the special dividend of HK\$0.050 (2021: Nil) per share distributed in June 2021 and the interim dividend of HK\$0.015 (2021: HK\$0.015) per share.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Year, the entry restrictions and quarantine measures were still enforced within the Greater Bay Area due to the fluctuating Covid-19 pandemic situation, resulting in the operating environments of the tourism and hospitality sectors generally remaining challenging. With life gradually returning to normal while there are still limitations on outbound travel, domestic consumption and entertainment demand have gradually regained momentum, and there has ever been some revival in visitor arrivals to Hong Kong and Macau. Nevertheless, in the second half of the Year, various policies announced by the Chinese government plus credit crises facing the mainland China property industry have adversely impacted China's economy; meanwhile, the Omicron variant of Covid-19 has driven the numbers of cases to new highs in Hong Kong, hindering the market recovery.

BUSINESS REVIEW

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

- The Emperor Hotel (“**Emperor Hotel**”), The Unit Serviced Apartments (“**The Unit**”) and MORI MORI Serviced Apartments (“**MORI MORI**”) in Hong Kong, which were newly acquired in May 2021 (the “**Acquisition**”), for details of which were set out in the section headed “Financial and Other Information”
- Grand Emperor Hotel (“**Grand Emperor Hotel**”) and Inn Hotel Macau (“**Inn Hotel**”) in Macau

About Emperor Hotel

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. Emperor Hotel creates a comfortable experience, catering to the lifestyles of both leisure and business travellers. Golden Valley, a Cantonese & Sichuan cuisine within the hotel, had been rated as a Michelin 1-star restaurant.

About The Unit

The Unit, a 21-storey, 68-unit block 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 MORI MORI

Situated at the vibrant junction of Wan Chai and Causeway Bay, MORI MORI 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, MORI MORI redefines the contemporary way of life.

About Grand Emperor Hotel

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

About Inn Hotel

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.

Hotels and Serviced Apartments Revenue

The Group's revenue base of hotels and serviced apartments was widened after the Acquisition, and its revenue increased by 67.3% to HK\$155.3 million (2021: HK\$92.8 million) during the Year. Total room revenue was HK\$53.3 million (2021: HK\$29.5 million). Total food and beverage revenue was HK\$77.4 million (2021: HK\$48.6 million), while the rental income and other revenue totalled HK\$24.6 million (2021: HK\$14.7 million).

Gaming Revenue

Due to the gradual improvement of entertainment and consumption sentiment, the Group's gaming revenue increased by 24.6% to HK\$260.6 million (2021: HK\$209.1 million). Revenue from the mass market hall was HK\$179.0 million (2021: HK\$138.0 million), while revenue from the VIP room was HK\$65.0 million (2021: HK\$55.6 million).

OUTLOOK

Despite a moderate revival of the hospitality sector during the Year, there was a setback with the emergence of Omicron cases in Hong Kong and Macau in early 2022, and hence intermittent resumption of stringent measures. This inevitably led to delays in reopening of borders between mainland China, Hong Kong and Macau, which in turn impeded full market recovery.

Recently, governments across the world have started to ease travel restrictions and opened to travel, serving as a catalyst for the global tourism industry. Hong Kong's strategic location and business environment, coupled with its gastronomy and shopping experience, make the city unique in terms of business and leisure. Macau will also continue striving to expand the spectrum of visitor sources and spur a tourism revival, in order to become a world centre of tourism and leisure. Hong Kong and Macau complement each other in terms of experiences, and the well-established transportation network between the two cities, which make them a popular multi-destination travel itinerary for travellers, plus vaccination coverage is increasing and new medicines for Covid-19 are being developed. Hence, despite the continued uncertainties in the near term, the Group remains optimistic about the sector's long-term growth prospects, and is set to reap the benefits when the sector fully rebounds.

FINANCIAL AND OTHER INFORMATION

Capital Structure, Liquidity and Financial Resources

During the Year, the Group utilised approximately HK\$2,048.8 million for the Acquisition, hence its aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits decreased to HK\$1,049.9 million (2021: HK\$3,340.1 million) as at 31 March 2022, which is mainly denominated in Hong Kong dollar (2021: Hong Kong dollar and Renminbi). The Group continued to maintain a strong financial position and funded its operations and capital expenditure by cash generated from its operations and deposits reserved at the banks. During the Year, the Group was not exposed to significant foreign exchange rates as most of the Group's assets, liabilities and transactions were transacted at and denominated in the functional currency of its foreign operations.

The Group's current assets and current liabilities as at 31 March 2022 were HK\$1,129.9 million (2021: HK\$3,458.1 million) and HK\$309.2 million (2021: HK\$357.3 million), respectively. As at 31 March 2022, the advances from non-controlling interests of subsidiaries of the Company totalled HK\$39.5 million (2021: the advances from non-controlling interests of a subsidiary of HK\$39.0 million), which were denominated in Hong Kong dollar, unsecured and interest-free, among which HK\$39.0 million was repayable at the discretion of non-controlling interests and availability of surplus fund of a subsidiary, and the remaining HK\$0.5 million was repayable by another subsidiary after payment of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The Group was in a net cash position as at 31 March 2022 and hence its gearing ratio (calculated as net debt divided by total equity) was zero (2021: zero).

During the Year, the Company had repurchased 12,270,000 shares (the “**Repurchased Shares**”) of its own shares from the market using internal resources, at an aggregate consideration of HK\$14.6 million, and an average price of HK\$1.187 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 1.0% to 1,197,305,983 (2021: 1,209,575,983) shares and its issued share capital was HK\$120,000 (2021: HK\$121,000) as at 31 March 2022. Having considered the Group's strong cash reserves, the Directors believe the share repurchases would enhance value to the Company's shareholders and benefit the Company and its shareholders as a whole.

Pledge of Assets

As at 31 March 2022, assets with carrying values of approximately HK\$1.7 billion (2021: HK\$2.0 billion) were pledged to two banks as security for banking facilities of a total of HK\$520.0 million (2021: HK\$520.0 million). The facilities remained undrawn and available as at 31 March 2022 and 2021. In addition, the Group has a bank deposit of HK\$64.1 million (2021: HK\$63.0 million) pledged as security deposit for obtaining a bank guarantee in the amount of approximately Macau Patacas 64.5 million (equivalent to HK\$62.6 million) in favour of SJM Resorts, S.A. (“**SJM**”) for the Group's fulfilment of all its obligations, as stipulated under the service agreement and the addendum (collectively referred to as the “**Service Agreements**”) between the Group and SJM, and another bank deposit of HK\$0.4 million (2021: HK\$0.4 million) pledged as security deposit for the use of ferry ticket equipment provided by a third party.

Acquisition of Subsidiaries

On 28 May 2021, an indirect non-wholly owned subsidiary of the Company completed the acquisition of the entire equity interest of Poly Keen International Limited (“**Poly Keen**”) and the loan due by Poly Keen to a direct wholly-owned subsidiary of Emperor International Holdings Limited (“**Emperor International**”), being the parent company of the Company, at a cash consideration of HK\$2,048.8 million, details of which were set out in the joint announcement of the Company and Emperor International dated 16 March 2021 and the Company’s circular dated 30 April 2021. Poly Keen and its subsidiaries (collectively referred to as “**Poly Keen Group**”) are principally engaged in the hospitality business and property investment in Hong Kong. Upon completion of the Acquisition, the Group widened the sources of income by expanding its hospitality business coverage beyond Macau, to also include Hong Kong.

EVENTS AFTER REPORTING PERIOD

The Group’s casino in Grand Emperor Hotel is operated under the gaming concession held by SJM, and the Group provides management and promotion services to SJM pursuant to the Service Agreements, which shall expire on 26 June 2022 (the “**Expiry Date**”). On 1 April 2022, the Company announced that it would cease the gaming operation of the Group right after the Expiry Date, while the hospitality business in Grand Emperor Hotel is retained. On 15 June 2022, the Company further announced that SJM would continue to run the gaming operation in Grand Emperor Hotel from 27 June 2022 to 31 December 2022. Therefore, the Group has entered into an agreement with SJM for the provision of the hotel rooms, catering and other ancillary services for the gaming operation to be run by SJM in Grand Emperor Hotel after the Expiry Date.

EMPLOYEES AND REMUNERATION POLICY

After the Acquisition, the Group’s number of employees as at 31 March 2022 increased to 876 (2021: 770). Total staff costs including Directors’ remuneration and the other staff costs for the Year were HK\$343.6 million (2021: HK\$313.2 million). Each employee’s remuneration was determined in accordance with individual’s responsibilities, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentive or reward to the staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed “Share Options Scheme” of the Company’s annual report for the Year.

FINAL DIVIDEND

The Board has resolved not to recommend any final dividend for the Year (2021: HK\$0.015 per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue			
Contracts with customers	3(a)	391,860	287,167
Leases	3(b)	24,034	14,688
		<hr/>	<hr/>
Total revenue		415,894	301,855
Cost of sales		(25,075)	(16,791)
Cost of hotel and gaming operations		(467,157)	(388,507)
Direct operating expenses in respect of leasing of investment properties		(6,929)	–
		<hr/>	<hr/>
Gross loss		(83,267)	(103,443)
Other income		19,602	60,488
Other gains and losses	5	3,893	(5,064)
Impairment allowance reversed for trade receivables		–	99
Impairment losses on property, plant and equipment, right-of-use assets and goodwill		(271,120)	–
Fair value changes of investment properties		(143,000)	(36,000)
Selling and marketing expenses		(73,093)	(58,987)
Administrative expenses		(175,992)	(160,185)
Finance costs		(1,908)	(1,235)
		<hr/>	<hr/>
Loss before taxation	6	(724,885)	(304,327)
Taxation credit	7	80,640	79,878
		<hr/>	<hr/>
Loss for the year		(644,245)	(224,449)
		<hr/>	<hr/>
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
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		–	(3,270)
		<hr/>	<hr/>
Other comprehensive expense for the year		–	(2,416)
		<hr/>	<hr/>
Total comprehensive expense for the year		(644,245)	(226,865)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Note	2022 HK\$'000	2021 HK\$'000
Loss for the year attributable to:			
Owners of the Company		(528,317)	(177,576)
Non-controlling interests		<u>(115,928)</u>	<u>(46,873)</u>
		<u>(644,245)</u>	<u>(224,449)</u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(528,317)	(180,175)
Non-controlling interests		<u>(115,928)</u>	<u>(46,690)</u>
		<u>(644,245)</u>	<u>(226,865)</u>
Loss per share			
Basic	9	<u>HK\$(0.44)</u>	<u>HK\$(0.15)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Investment properties		996,500	624,500
Property, plant and equipment		2,417,802	1,140,345
Right-of-use assets		420,417	459,271
Deposits paid for acquisition of property, plant and equipment		1,681	12,712
Pledged bank deposit		64,134	63,000
Goodwill		–	110,960
		3,900,534	2,410,788
Current assets			
Inventories		12,014	11,738
Trade and other receivables	<i>10</i>	132,085	169,271
Pledged bank deposit		354	353
Short-term bank deposits		314,339	1,415,665
Bank balances and cash		671,097	1,861,052
		1,129,889	3,458,079
Current liabilities			
Trade and other payables	<i>11</i>	117,146	127,257
Amounts due to fellow subsidiaries		4,540	3,137
Amounts due to non-controlling interests of subsidiaries		39,523	39,000
Taxation payable		145,614	186,641
Lease liabilities		2,328	1,234
		309,151	357,269
Net current assets		820,738	3,100,810
Total assets less current liabilities		4,721,272	5,511,598
Non-current liabilities			
Lease liabilities		28,951	26,110
Deferred taxation		50,590	88,233
		79,541	114,343
Net assets		4,641,731	5,397,255
Capital and reserves			
Share capital		120	121
Reserves		3,794,295	4,433,573
Equity attributable to owners of the Company		3,794,415	4,433,694
Non-controlling interests		847,316	963,561
Total equity		4,641,731	5,397,255

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT 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 which are measured at fair value 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 and the application of the accounting policies in respect of business combinations as a result of the Acquisition, 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 2021.

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 following 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 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs 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 and the related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
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	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ¹

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

² Effective for annual periods beginning on or after 1 January 2023.

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

Except for the new and amendments to HKFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 *Income Taxes* (“HKAS 12”) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The Group applies HKAS 12 requirements to the relevant assets and liabilities separately. Temporary differences on initial recognition of the relevant assets and liabilities are not recognised due to application of the initial recognition exemption.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 March 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to HK\$25,878,000 and HK\$31,279,000 respectively. The Group is still in the progress of assessing the full impact of the application of the amendments.

3. REVENUE

(a) Contracts with customers

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
An analysis of the Group's revenue is as follows:		
Recognised over time:		
Gaming revenue:		
– Service income from gaming transactions in mass market hall	178,950	138,008
– Service income from gaming transactions in VIP room	65,049	55,556
– Service income from gaming transactions in slot machine hall	16,582	15,511
Hotel revenue:		
– Hotel room income	53,342	29,472
– Others	524	–
	<u>314,447</u>	<u>238,547</u>
Recognised at a point in time:		
Hotel revenue:		
– Food and beverage sales	77,413	48,620
	<u>77,413</u>	<u>48,620</u>
Revenue from contracts with customers	<u>391,860</u>	<u>287,167</u>
Gaming revenue	260,581	209,075
Hotel revenue	131,279	78,092
	<u>131,279</u>	<u>78,092</u>
Revenue from contracts with customers	<u>391,860</u>	<u>287,167</u>

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

(b) Leases

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total revenue arising from leases:		
Operating lease payments that are fixed	<u>24,034</u>	<u>14,688</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.

During the Year, the Group acquired a business engaging in hotel and related operations and lease of investment properties in Hong Kong by acquisition of Poly Keen Group, and it is considered as a new operating and reporting segment by the CODM. In light of the businesses acquired during the Year, the Group reorganised its internal reporting structure which resulted in changes to 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 revised presentation of the 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. Prior year’s segment disclosures have been represented to conform with the current year’s presentation.

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, VIP room and slot machine hall 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 a hotel and (b) leasing revenue from investment properties in the hotel and serviced apartments.

The CODM assess the performance of individual operating and reportable segments based on a measure of adjusted loss before interest, tax, depreciation, impairment losses on property, plant and equipment, right-of-use assets and goodwill, exchange gains (losses) at corporate level, gain on disposal of debt instruments at fair value through other comprehensive income (“FVTOCI”) and fair value changes of investment properties (the “Adjusted LBITDA”).

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below:

Segment revenues and results For the year ended 31 March 2022

	Macau operations <i>HK\$'000</i>	Hong Kong operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue			
Gaming revenue	260,581	–	260,581
Hotel revenue	80,295	50,984	131,279
Leasing revenue	11,537	12,497	24,034
	<u>352,413</u>	<u>63,481</u>	<u>415,894</u>
Total			
	<u>352,413</u>	<u>63,481</u>	<u>415,894</u>
Segment result based on the Adjusted LBITDA	<u>(170,573)</u>	<u>(1,185)</u>	<u>(171,758)</u>
Bank interest income			15,424
Depreciation of property, plant and equipment			(136,677)
Depreciation of right-of-use assets			(19,739)
Impairment losses on property, plant and equipment, right-of-use assets and goodwill			(271,120)
Exchange gains at corporate level			3,893
Fair value changes of investment properties			(143,000)
Finance costs			<u>(1,908)</u>
Loss before taxation			<u>(724,885)</u>

4. SEGMENT INFORMATION (Continued)
Segment revenues and results (Continued)
For the year ended 31 March 2021 (restated)

	Macau operations HK\$'000	Hong Kong operations HK\$'000	Total HK\$'000
Segment revenue			
Gaming revenue	209,075	–	209,075
Hotel revenue	78,092	–	78,092
Leasing revenue	14,688	–	14,688
	<u>301,855</u>	<u>–</u>	<u>301,855</u>
Total	<u>301,855</u>	<u>–</u>	<u>301,855</u>
Segment result based on the Adjusted LBITDA	<u>(205,364)</u>	<u>–</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 losses 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>

Other than the segment information disclosed above, there was no other information reviewed by the CODM for the years ended 31 March 2022 and 31 March 2021.

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.

4. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Macau and Hong Kong.

The Group's revenue from external customers and information about its non-current assets, other than pledged bank deposit, by geographical location of the assets are detailed below:

	Revenue from customers		Non-current assets	
	For the year ended 31 March		As at 31 March	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Macau	352,413	301,855	1,840,235	2,347,151
Hong Kong	63,481	–	1,996,165	637
	<u>415,894</u>	<u>301,855</u>	<u>3,836,400</u>	<u>2,347,788</u>

Information about major customer

During the Year, revenue derived from one (2021: one) customer which contributed over 10% of the Group's total revenue amounted to HK\$260,581,000 (2021: HK\$209,075,000). The revenue related to Macau operations (2021: Macau operations).

5. OTHER GAINS AND LOSSES

	2022	2021
	HK\$'000	HK\$'000
Net foreign exchange gains (losses)	<u>3,893</u>	<u>(5,064)</u>

6. LOSS BEFORE TAXATION

	2022	2021
	HK\$'000	HK\$'000
Loss before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	45,904	38,200
Depreciation of property, plant and equipment	136,677	94,372
Depreciation of right-of-use assets	19,739	20,122
Loss on disposal/write-off of property, plant and equipment	64	11
and after crediting:		
Bank interest income (included in other income)	15,424	53,639
Government subsidies (included in other income)	2,761	971
Gain on disposal of debt instruments at FVTOCI (included in other income)	–	3,270
Interest income from debt instruments at FVTOCI (included in other income)	–	921
Covid-19-related rent concession	–	545

7. TAXATION CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Macau Complementary Tax (“CT”)		
– Current year	(2,627)	(1,527)
– Reversal of tax provision in prior years	43,662	69,032
– Underprovision in prior years	–	(37)
	<u>41,035</u>	<u>67,468</u>
Deferred taxation	<u>39,605</u>	<u>12,410</u>
Taxation credit	<u><u>80,640</u></u>	<u><u>79,878</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\$43,662,000 for the 2016 year of assessment (2021: HK\$69,032,000 for the 2015 year of assessment) accordingly.

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

8. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid in respect of 2021: HK\$0.015 per share (2021: HK\$0.030 per share in respect of 2020)	17,960	36,833
Interim dividend paid in respect of 2022: HK\$0.015 per share (2021: HK\$0.015 per share in respect of 2021)	17,960	18,225
Special dividend paid in respect of 2022: HK\$0.05 per share (2021: Nil)	59,865	–
	<u>95,785</u>	<u>55,058</u>

The Board has resolved not to recommend any final dividend for the Year (2021: HK\$0.015 per share).

9. LOSS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	<u>(528,317)</u>	<u>(177,576)</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic loss per share	<u>1,197,709,695</u>	<u>1,222,141,613</u>

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

10. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	45,035	61,841
Less: Impairment allowance	<u>(20,879)</u>	<u>(20,879)</u>
	24,156	40,962
Chips on hand	50,444	54,666
Other receivables and prepayments	<u>57,485</u>	<u>73,643</u>
	<u>132,085</u>	<u>169,271</u>

As at 31 March 2022, trade receivables comprise receivables from contracts with customers and lease receivables of HK\$19,401,000 (2021: HK\$37,337,000) and HK\$4,755,000 (2021: HK\$3,625,000) respectively.

As at 1 April 2020, trade receivables from contracts with customers and lease receivables amounted to HK\$22,487,000 and HK\$1,112,000 respectively.

10. TRADE AND OTHER RECEIVABLES (Continued)

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	6,061	25,905
31 – 60 days	699	959
61 – 90 days	1,135	359
91 – 180 days	3,289	839
Over 180 days	12,972	12,900
	<u>24,156</u>	<u>40,962</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 2022, included in the Group's trade receivables balance were debtors with aggregate carrying amount of HK\$17,396,000 (2021: HK\$14,098,000) which were past due at the end of the reporting period. Out of the past due balances, HK\$16,261,000 (2021: HK\$13,739,000) has been past due 90 days or more and is not considered as in default as the Directors are of the opinion that the balances are still considered 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	9,044	9,374
Chips in custody and deposits from gaming patrons	4,497	19,730
Construction payables and accruals	2,492	1,058
Other payables and accruals	73,999	66,159
Accrued staff costs	9,114	12,936
Short-term advance	18,000	18,000
	<u>117,146</u>	<u>127,257</u>

11. TRADE AND OTHER PAYABLES (Continued)

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 – 30 days	3,648	3,552
31 – 60 days	5,166	5,247
61 – 90 days	123	317
91 – 180 days	81	74
Over 180 days	26	184
	<u>9,044</u>	<u>9,374</u>

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

12. ACQUISITION OF SUBSIDIARIES

On 28 May 2021, Emperor Hotel Investment Limited (“**Emperor Hotel Investment**”), an indirect non-wholly owned subsidiary of the Company, completed the acquisition of the entire equity interest of Poly Keen and the loan due by Poly Keen to Emperor Hotel Group Limited (“**Emperor Hotel Group**”), a direct wholly-owned subsidiary of Emperor International, at a total cash consideration of HK\$2,048,832,000. Accordingly, Emperor Hotel Investment has the right to the loan due by Poly Keen.

Poly Keen Group are principally engaged in hospitality business and property investment in Hong Kong. The Acquisition has been accounted for as acquisition of business using the acquisition method and no goodwill was recognised as a result of the Acquisition.

Acquisition-related costs amounting to HK\$1,578,000 have been excluded from the consideration transferred and have been recognised directly as an expense in the period within the “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

12. ACQUISITION OF SUBSIDIARIES (Continued)

Fair values of assets and liabilities of Poly Keen Group recognised at the date of the Acquisition are as follows:

	<i>HK\$'000</i>
Investment properties	515,000
Property, plant and equipment	1,525,489
Inventories	763
Trade and other receivables	7,843
Bank balances and cash	18,824
Trade and other payables	(15,902)
Amount due to Emperor Hotel Group	(2,256,246)
Taxation payable	(8)
Amount due to non-controlling interest of a subsidiary	(2,090)
Deferred taxation	(1,962)
	<hr/>
	(208,289)
Add: Loan assignment from Emperor Hotel Group	2,256,246
	<hr/>
	2,047,957
	<hr/> <hr/>
Goodwill arising on the Acquisition:	
Consideration paid in cash	2,048,832
Add: Deficit non-controlling interest of Poly Keen's subsidiary	(875)
Less: Net assets acquired	(2,047,957)
	<hr/>
	-
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Net cash outflows arising on the Acquisition for the Year:

	<i>HK\$'000</i>
Cash consideration paid	(2,048,832)
Less: Cash and cash equivalent balances acquired	18,824
	<hr/>
	(2,030,008)
	<hr/> <hr/>

Included in the revenue and loss for the Year of the Group are HK\$63,481,000 and HK\$46,112,000 respectively that are attributable to Poly Keen Group.

Had the Acquisition been effected at the beginning of the Year, the total amount of revenue of the Group for the Year would have been HK\$426,316,000, and the amount of loss for the Year would have been HK\$655,329,000.

13. EVENTS AFTER REPORTING PERIOD

On 1 April 2022, the Company announced that it would cease the gaming operation of the Group after the Expiry Date, while the hospitality business in Grand Emperor Hotel is retained. The Board believes that it is in the best interest of the Company and its shareholders as a whole. Details of the cessation were disclosed in the announcement of the Company dated 1 April 2022.

On 15 June 2022, the Company further announced that SJM would continue to run the gaming operation in Grand Emperor Hotel from 27 June 2022 to 31 December 2022. Therefore, the Group has entered into an agreement with SJM for the provision of the hotel rooms, catering and other ancillary services for the gaming operation to be run by SJM in Grand Emperor Hotel after the Expiry Date. Details of the arrangements were disclosed in the joint announcement of the Company and Emperor International dated 15 June 2022.

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 as approved by the Board on 23 June 2022. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion 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 2022 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 as set out in the Appendix 14 to 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 as set out in the Appendix 10 to the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"). Having made specific enquiry to all Directors, all of them confirmed that they have complied with the required standard of dealings as set out in 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 12,270,000 Repurchased Shares at an aggregate consideration of HK\$14,561,200 (before expenses) on the Stock Exchange, the particulars of which are as follows:

Month of shares repurchase	Number of Repurchased Shares	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
April 2021	12,270,000	1.29	1.09	14,561,200

As at 31 March 2022, all of the Repurchased Shares were cancelled. The repurchase was 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.

As at 31 March 2022, the Company has a total of 1,197,305,983 (2021: 1,209,575,983) shares in issue.

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 2022

As at the date of this announcement, 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