

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF STAR OMEN LIMITED AND ITS SUBSIDIARIES**TO THE DIRECTORS OF EMPEROR ENTERTAINMENT HOTEL LIMITED****Introduction**

We report on the historical financial information of Star Omen Limited ("Star Omen") and its subsidiaries (collectively referred to as "Star Omen Group") set out on pages IV - 3 to IV - 23, which comprises the combined statements of financial position of Star Omen Group as at 31 March 2022, 2023 and 2024 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of Star Omen Group for each of the three years ended 31 March 2024 (the "Relevant Periods") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages IV - 3 to IV - 23 forms an integral part of this report, which has been prepared for inclusion in the circular of Emperor Entertainment Hotel Limited (the "Company") dated 3 July 2024 (the "Circular") in connection with the proposed acquisition of entire issued share capital of Star Omen and all loan, interest (if any) and all other sums owing by the Star Omen to Emperor Property Development Limited as at completion.

The director of Star Omen is responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the director of Star Omen determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The director of the Company is responsible for the contents of this Circular in which the Historical Financial Information of Star Omen Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director of Star Omen, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF STAR OMEN LIMITED AND ITS SUBSIDIARIES

TO THE DIRECTORS OF EMPEROR ENTERTAINMENT HOTEL LIMITED – continued

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of Star Omen Group's financial position as at 31 March 2022, 2023 and 2024 and of Star Omen Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page IV - 3 have been made.

Dividends

We refer to note 10 to the Historical Financial Information which states that no dividends was declared or paid by the group entities comprising Star Omen Group in respect of the Relevant Periods.

A handwritten signature in blue ink, appearing to be 'Dimitri J. Tohmatsu', is written over a horizontal line. The signature is stylized and cursive.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
3 July 2024

HISTORICAL FINANCIAL INFORMATION OF STAR OMEN GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The Historical Financial Information in this report was prepared based on the financial statements of Star Omen's indirect wholly-owned subsidiary, Century Chain Limited ("**Century Chain**") for the Relevant Periods ("**Underlying Financial Statements**"). The financial statements of Century Chain have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards of Auditing issued by the HKICPA.

The Historical Financial Information is presented in Hong Kong dollars ("**HK\$**") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	Year ended 31 March		
		2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Interest income		—*	—*	35
Write-down recognised of property under development for sale		(34,972)	(96,758)	(12,882)
Administrative expenses		<u>(11)</u>	<u>(16)</u>	<u>(18)</u>
Loss and total comprehensive expense for the year	8	<u><u>(34,983)</u></u>	<u><u>(96,774)</u></u>	<u><u>(12,865)</u></u>

* Less than HK\$1,000

COMBINED STATEMENTS OF FINANCIAL POSITION

	NOTES	At 31 March		
		2022 HK\$'000	2023 HK\$'000	2024 HK\$'000
Current assets				
Property under development for sale	12	562,000	550,000	705,000
Prepayments and deposits		38	38	611
Bank balances		<u>40</u>	<u>140</u>	<u>395</u>
		<u>562,078</u>	<u>550,178</u>	<u>706,006</u>
Current liabilities				
Deposit received and accruals	13	(86)	(148)	(45,842)
Amounts due to a fellow subsidiary	14	(497,968)	(582,780)	(637,779)
Secured bank borrowings				
– due within one year	15	<u>–</u>	<u>(197,600)</u>	<u>–</u>
		<u>(498,054)</u>	<u>(780,528)</u>	<u>(683,621)</u>
NET CURRENT ASSETS (LIABILITIES)				
		<u>64,024</u>	<u>(230,350)</u>	<u>22,385</u>
Non-current liabilities				
Secured bank borrowings				
– due after one year	15	<u>(197,600)</u>	<u>–</u>	<u>(265,600)</u>
NET LIABILITIES				
		<u>(133,576)</u>	<u>(230,350)</u>	<u>(243,215)</u>
Capital and reserve				
Share capital	16	–*	–*	–*
Accumulated losses		<u>(133,576)</u>	<u>(230,350)</u>	<u>(243,215)</u>
TOTAL EQUITY				
		<u>(133,576)</u>	<u>(230,350)</u>	<u>(243,215)</u>

* Less than HK\$1,000

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2021	–*	(98,593)	(98,593)
Loss and total comprehensive expense for the year	–	(34,983)	(34,983)
At 31 March 2022	–*	(133,576)	(133,576)
Loss and total comprehensive expense for the year	–	(96,774)	(96,774)
At 31 March 2023	–*	(230,350)	(230,350)
Loss and total comprehensive expense for the year	–	(12,865)	(12,865)
At 31 March 2024	–*	(243,215)	(243,215)

* *Less than HK\$1,000*

COMBINED STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Operating activities			
Loss for the year	(34,983)	(96,774)	(12,865)
Adjustments for:			
Interest income	—*	—*	(35)
Write-down recognised of property under development for sale	<u>34,972</u>	<u>96,758</u>	<u>12,882</u>
Operating cash flows before movements in working capital	(11)	(16)	(18)
Increase in property under development for sale	(16,116)	(53,223)	(111,846)
Increase in prepayments and deposits	—	—	(573)
Increase in deposit received and accruals	<u>—*</u>	<u>—</u>	<u>45,240</u>
Net cash used in operating activities	<u>(16,127)</u>	<u>(53,239)</u>	<u>(67,197)</u>
Cash from an investing activity			
Interest received	<u>—*</u>	<u>—*</u>	<u>35</u>
Financing activities			
New bank borrowings raised	—	—	68,000
Interest paid	(2,909)	(6,776)	(14,068)
Advances from a fellow subsidiary	<u>19,019</u>	<u>60,115</u>	<u>13,485</u>
Net cash from financing activities	<u>16,110</u>	<u>53,339</u>	<u>67,417</u>
Net (decrease) increase in cash and cash equivalents	(17)	100	255
Cash and cash equivalents at the beginning of the year	<u>57</u>	<u>40</u>	<u>140</u>
Cash and cash equivalents at the end of the year, representing bank balances	<u><u>40</u></u>	<u><u>140</u></u>	<u><u>395</u></u>

* Less than HK\$1,000

NOTES TO THE HISTORICAL FINANCIAL INFORMATION OF STAR OMEN

1. GENERAL INFORMATION

Star Omen is a limited company incorporated in the British Virgin Islands (“BVI”). Star Omen’s immediate holding company is Emperor Property Development Limited (“EPDL”), a limited liability company incorporated in the BVI. The intermediate holding company of Star Omen is Emperor International Holdings Limited (“**Emperor International**”), an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The ultimate holding company of Star Omen is Albert Yeung Holdings Limited, a limited liability company incorporated in the BVI which is in turn held by First Trust Services AG, being trustee of The Albert Yeung Discretionary Trust, the settlor and founder of which is Dr. Yeung Sau Shing, Albert. The address of the registered office of Star Omen is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, BVI and the correspondence address of Star Omen is 28th Floor, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

The Historical Financial Information are presented in Hong Kong dollars, which is the functional currency of Star Omen.

Star Omen is an investment holding company. The principal activities of its principal subsidiaries are set out in note 24.

Going Concern Assumption

The sole director of Star Omen has given careful consideration to the going concern of Star Omen Group in light of the fact that as of 31 March 2024, Star Omen Group’s net liabilities is HK\$243,215,000.

The intermediate holding company, Emperor International agreed to provide unconditional financial support to Star Omen Group for a period of 12 months after the date of this report. In addition, the Company agreed, on the condition that the Company’s proposed acquisition of the entire issued share capital in Star Omen (the “**Proposed Acquisition**”) became successful, to provide sufficient funds to Star Omen Group so that Star Omen Group will be able to meet all current obligations as they fall due in the coming 12 months after the date of this report.

Taking into account the above factors, the sole director of Star Omen is of the opinion that, together with the internal financial resources of Star Omen Group, Star Omen Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the date of this report. Hence, the Historical Financial Information has been prepared on a going concern basis.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs issued by the HKICPA and the conventions applicable for group reorganisation.

Century Chain is a private limited company incorporated in Hong Kong. Before the group reorganisation, the immediate holding company of Century Chain was EPDL. The intermediate holding company is Emperor International. Century Chain is engaged in the business of property development.

In preparing for the Proposed Acquisition, the companies comprising Star Omen Group underwent a group reorganisation as described below (“**Group Reorganisation**”).

- (i) On 30 January 2024, Star Omen was incorporated in the BVI with limited liability. On 3 May 2024, Star Omen allotted and issued 1 share, credited as fully paid at a par value of United States dollar (“**US\$1**”) to EPDL. Upon completion of this step, Star Omen became a direct wholly-owned subsidiary of EPDL.
- (ii) On 19 April 2024, Star Stage Limited (“**Star Stage**”) was incorporated in the BVI with limited liability. On 3 May 2024, Star Stage allotted and issued 1 share, credited as fully paid at a par value of US\$1 to Star Omen. Upon completion of this step, Star Stage became a direct wholly-owned subsidiary of Star Omen.
- (iii) On 19 April 2024, Harbour Honour Limited (“**Harbour Honour**”) was incorporated in the BVI with limited liability. On 3 May 2024, Harbour Honour allotted and issued 1 share, credited as fully paid at a par value of US\$1 to Star Omen. Upon completion of this step, Harbour Honour became a direct wholly-owned subsidiary of Star Omen.
- (iv) On 10 May 2024, Century Chain allotted and issued 9,999 shares, representing 99.99% of its issued share capital to Harbour Honour at a consideration of HK\$9,999.
- (v) On 22 May 2024, EPDL transferred 1 share of Century Chain, representing 0.01% of its issued share capital, to Star Stage at a consideration of HK\$1.
- (vi) Star Omen is holding 100% equity interest of Harbour Honour and Star Stage. As a result, Century Chain is an indirect wholly-owned subsidiary of Star Omen.

Upon the completion of the Group Reorganisation, Star Omen became the holding company of the companies now comprising Star Omen Group on 22 May 2024. The Group Reorganisation is merely a reorganisation which involves interspersing of Star Omen between Emperor International and Century Chain. Star Omen Group comprising Star Omen and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity, accordingly the Historical Financial Information has been prepared as if Star Omen had always been the holding company of Star Omen Group. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of

cash flows of Star Omen Group for the Relevant Periods include the results, changes in equity and cash flows of the companies now comprising Star Omen Group as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of Star Omen Group as at 31 March 2022, 2023 and 2024 have been prepared to present the assets and liabilities of the companies now comprising Star Omen Group, which net assets are combined using the existing carrying values, as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

No statutory financial statements of Star Omen have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.

3. APPLICATION OF HKFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Relevant Periods, Star Omen Group has consistently applied the accounting policies which conform with HKFRSs, which are effective for annual years beginning on 1 April 2023 throughout the Relevant Periods.

Revised HKFRSs in issue but not yet effective

At the date of this report, the following amendments to HKFRSs have been issued which are not yet effective.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
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 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

The sole director of Star Omen anticipates that the application of amendments to HKFRSs will have no material impact on the combined financial statements of Star Omen Group in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. For property under development for sale, Star Omen Group ceases to capitalise borrowing costs as soon as the property are ready for its intended sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property under development for sale

Property under development for sale in the ordinary course of business is classified as current assets and are carried at the lower of cost and net realisable value. Cost relating to the development of the property includes land cost, construction cost and other direct development expenditure. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the property less estimated cost to completion and costs necessary to make the sales.

Property under development for sale is transferred to property held for sale upon completion.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss for the year because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Star Omen Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all

deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Star Omen Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised when Star Omen Group becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instruments improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liability. Equity instruments issued by Star Omen Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities (including amounts due to a fellow subsidiary and secured bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liability

Star Omen Group derecognises a financial liability when, and only when, Star Omen Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of Star Omen Group's accounting policies, which are described in note 4, the sole director of Star Omen Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated net realisable value on property under development for sale

In determining whether write-down should be made to Star Omen Group's property under development for sale of HK\$562,000,000, HK\$550,000,000 and HK\$705,000,000 as at 31 March 2022, 2023 and 2024 respectively, the management of Star Omen Group takes into consideration the prevailing market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses), and also taking into consideration the estimated cost to completion property under development for sale. Write-down is made if the estimated market value less estimate cost to completion of property is less than the carrying amount. If the actual net realisable value on property under development for sale is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material write-down may result. During the years ended 31 March 2022, 2023 and 2024, write-downs of HK\$34,972,000, HK\$96,758,000 and HK\$12,882,000, respectively, are recognised for property under development for sale.

6. SEGMENT INFORMATION

Star Omen Group determines its operating segments based on the reports reviewed by the directors of Century Chain, being the chief operating decision maker (the “CODM”), that are used to make strategic decisions. No other discrete financial information is provided other than Star Omen Group’s results and financial position. No segment information and entity-wide disclosures are presented as there is no revenue generated and no non-current asset during the Relevant Periods.

7. FINANCE COSTS

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Interests on:			
– Bank borrowings	2,897	6,838	14,522
– Amounts due to a fellow subsidiary	<u>37,959</u>	<u>24,697</u>	<u>41,514</u>
	40,856	31,535	56,036
Less: Capitalised in property under development for sale	<u>(40,856)</u>	<u>(31,535)</u>	<u>(56,036)</u>
	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>–</u></u>

8. LOSS FOR THE YEAR

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Loss for the year has been arrived at after charging:			
Director’s remuneration (<i>Note</i>)	–	–	–
Auditor’s remuneration	<u>10</u>	<u>10</u>	<u>11</u>

Note: The sole director of Star Omen was appointed on 3 May 2024. No emoluments were recognised or paid by Star Omen Group to the sole director of Star Omen as compensation for loss of office and inducement to join for the Relevant Periods. Remuneration of top five highest paid employees is not presented as there is no staff cost in the Relevant Periods.

9. TAXATION

No provision for Hong Kong Profits Tax is made in the Historical Financial Information for the years ended 31 March 2022, 2023 and 2024 as there are no estimated assessable profits during the Relevant Periods.

The taxation for the year can be reconciled to the loss for the year per combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Loss for the year	<u>(34,983)</u>	<u>(96,774)</u>	<u>(12,865)</u>
Taxation credit at Hong Kong			
Profits Tax rate of 16.5%	5,772	15,968	2,123
Tax effect of expenses not deductible for tax purpose	(5,770)	(15,965)	(2,126)
Tax effect of income not taxable for tax purpose	-	-	6
Tax effect of tax losses not recognised	<u>(2)</u>	<u>(3)</u>	<u>(3)</u>
Taxation for the year	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

As at 31 March 2022, 2023 and 2024, Star Omen Group had unused tax losses of approximately HK\$21,000, HK\$37,000 and HK\$55,000 respectively available for offset against future profits. No deferred tax asset has been recognised in respect of such loss due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

10. DIVIDENDS

No dividend has been declared or paid by the companies now comprising Star Omen Group in respect of the Relevant Periods.

11. LOSS PER SHARE

No loss per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

12. PROPERTY UNDER DEVELOPMENT FOR SALE

The amount is classified as current asset as it represents project of property under development for sale in Hong Kong.

During the years ended 31 March 2022, 2023 and 2024, the interest capitalised in property under development for sale amounted to HK\$40,856,000, HK\$31,535,000 and HK\$56,036,000 respectively.

During the Relevant Periods, the management of Star Omen Group reviewed the net realisable value of the property under development for sale with reference to the current market environment, the cost to construction and recognised write-down of property under development for sales amounting to HK\$34,972,000, HK\$96,758,000 and HK\$12,882,000 for the years ended 31 March 2022, 2023 and 2024 respectively.

13. DEPOSIT RECEIVED AND ACCRUALS

As at 31 March 2024, deposit received and accruals comprise of construction payables of HK\$45,245,000.

14. AMOUNTS DUE TO A FELLOW SUBSIDIARY

As at 31 March 2022, the amounts are unsecured, repayable on demand and carry interest at 3.32% over Hong Kong Prime Rate per annum.

As at 31 March 2023 and 2024, the amounts are unsecured, repayable on demand and carry interest at 3.52% and 2.83% over Hong Kong Interbank Offered Rate (“**HIBOR**”) per annum.

15. SECURED BANK BORROWINGS

The bank borrowings carry interest at 1.35%, 1.35% and 1.72% over HIBOR per annum as at 31 March 2022, 2023 and 2024 respectively.

As at 31 March 2022, 2023 and 2024, the bank borrowings are secured by Star Omen Group's property under development for sale together with corporate guarantees from Emperor International. The bank borrowings are repayable as follows:

	At 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Within one year	–	197,600	–
With a period of more than two years but not more than five years	<u>197,600</u>	<u>–</u>	<u>265,600</u>
	197,600	197,600	265,600
Less: Amounts due within one year shown under current liabilities	<u>–</u>	<u>(197,600)</u>	<u>–</u>
Amounts due after one year shown under non-current liabilities	<u>197,600</u>	<u>–</u>	<u>265,600</u>

Subsequent to 31 March 2024, a fellow subsidiary of Star Omen Group partially repaid the bank borrowings outstanding as at 31 March 2024 amounting to HK\$150,000,000. The amount of the repayment was credited to amounts to a fellow subsidiary.

16. SHARE CAPITAL

The share capital as at 1 April 2021 and 31 March 2022, 2023 and 2024 represents the share capital of Century Chain, which was less than HK\$1,000.

Star Omen, Star Stage and Harbour Honour are incorporated on 30 January 2024, 19 April 2024 and 19 April 2024 respectively in which the share capital of these companies has not been issued and paid up to as at 31 March 2024.

17. COMMITMENT

	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided in the Historical Financial Information, net of deposits paid, in respect of property under development for sale	<u>158,306</u>	<u>105,378</u>	<u>–</u>

18. MAJOR NON-CASH TRANSACTION

During the years ended 31 March 2022, 2023 and 2024, interest expenses of HK\$37,959,000, HK\$24,697,000 and HK\$41,514,000 are settled through current accounts with a fellow subsidiary.

19. CAPITAL RISK MANAGEMENT

Star Omen Group manages its capital to ensure that entities in Star Omen Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Star Omen Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of Star Omen Group consists of the amounts due to a fellow subsidiary and secured bank borrowings as disclosed in notes 14 and 15, respectively, net of cash and cash equivalents, and equity attributable to owners of Star Omen, comprising issued share capital and accumulated losses.

The management of Star Omen Group reviews the capital structure on a regular basis. As part of this review, the management of Star Omen Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of Star Omen Group, Star Omen Group will balance its overall capital structure through issue of new debt or the redemption of existing debt.

20. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	At 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Financial asset			
Amortised cost:			
Bank balances	<u>40</u>	<u>140</u>	<u>395</u>
Financial liabilities			
Amortised cost:			
Amounts due to a fellow subsidiary	497,968	582,780	637,779
Secured bank borrowings	<u>197,600</u>	<u>197,600</u>	<u>265,600</u>
	<u>695,568</u>	<u>780,380</u>	<u>903,379</u>

(b) Financial risk management objectives and policies

Star Omen Group's financial instruments include bank balances, amounts due to a fellow subsidiary and secured bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk, credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of Star Omen Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Cash flow interest rate risk

Star Omen Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, amount due to a fellow subsidiary and secured bank borrowings. Star Omen Group currently does not have policy on cash flow hedges of interest rate risk. However, the management of Star Omen Group monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Star Omen Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the above mentioned financial asset and financial liabilities at the end of the reporting period and management's assessment of the reasonably possible change taking place at the beginning of each year and held constant throughout the respective year.

Since all the finance costs relating to the amounts due to a fellow subsidiary and secured bank borrowings had been capitalised in property under development for sale, Star Omen Group had no exposure to interest rates to its loss for the Relevant Periods. Therefore, no sensitivity analysis to cash flow interest rate risk is presented.

Credit risk management and impairment assessment

The carrying amount of the financial asset represents Star Omen Group's maximum exposure to credit risk which will cause a financial loss to Star Omen Group due to failure to discharge an obligation by the counterparties.

Bank balances

The credit risk on bank balances is limited because the majority of the counterparty is a bank with high credit-ratings assigned by international credit-rating agencies. Star Omen Group has no other significant concentration of credit risk.

Liquidity risk

In the management of the liquidity risk, Star Omen Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of Star Omen Group to finance Star Omen Group's operations and mitigate the effects of fluctuations in cash flows.

Star Omen Group relies on financial support from its intermediate holding company, Emperor International which has agreed to provide adequate funds to Star Omen Group to meet in full its financial obligations as they fall due in the foreseeable future.

Star Omen Group also relies on secured bank borrowings as a significant source of liquidity. The management of Star Omen Group monitors the utilisation of the secured bank borrowings.

The following table details Star Omen Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which Star Omen Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment date.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on interest rate curve at the end of the reporting period.

Liquidity risk tables

	Weighted average effective interest rate %	Less than 1 year or repayable on demand HK\$'000	1-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2022					
Amounts due to a fellow subsidiary	8.45	497,968	-	497,968	497,968
Secured bank borrowings	1.66	3,280	200,880	204,160	197,600
		<u>501,248</u>	<u>200,880</u>	<u>702,128</u>	<u>695,568</u>
At 31 March 2023					
Amounts due to a fellow subsidiary	6.66	582,780	-	582,780	582,780
Secured bank borrowings	4.54	206,571	-	206,571	197,600
		<u>789,351</u>	<u>-</u>	<u>789,351</u>	<u>780,380</u>
At 31 March 2024					
Amounts due to a fellow subsidiary	7.63	637,779	-	637,779	637,779
Secured bank borrowings	6.32	16,786	282,386	299,172	265,600
		<u>654,565</u>	<u>282,386</u>	<u>936,951</u>	<u>903,379</u>

Interest rate benchmark reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates with alternative nearly risk-free rates. For the variable rate bank borrowings that are linked to HIBOR as set out in note 15, Star Omen Group had confirmed with the relevant counterparty that HIBOR will continue to be used up to maturity. The management of Star Omen Group anticipates that the interest rate benchmark reform will have no material impact on the Star Omen Group's risk exposure.

(c) Fair value measurements

The management of Star Omen Group considers that the carrying amounts of financial asset and financial liabilities recorded at amortised cost at the respective end of reporting periods approximate their fair values.

21. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in Star Omen Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in Star Omen Group's combined statements of cash flows from financing activities.

	Interest payable	Secured bank borrowings	Amounts due to a fellow subsidiary	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(note 15)</i>	<i>(note 14)</i>	
At 1 April 2021	48	197,600	440,990	638,638
Financing net cash flows	(2,909)	–	19,019	16,110
Interests expenses	<u>2,897</u>	<u>–</u>	<u>37,959</u>	<u>40,856</u>
At 31 March 2022	36	197,600	497,968	695,604
Financing net cash flows	(6,776)	–	60,115	53,339
Interest expenses	<u>6,838</u>	<u>–</u>	<u>24,697</u>	<u>31,535</u>
At 31 March 2023	98	197,600	582,780	780,478
Financing net cash flows	(14,068)	68,000	13,485	67,417
Interests expenses	<u>14,522</u>	<u>–</u>	<u>41,514</u>	<u>56,036</u>
At 31 March 2024	<u>552</u>	<u>265,600</u>	<u>637,779</u>	<u>903,931</u>

22. RELATED PARTY TRANSACTION

Other than those disclosed elsewhere in the Historical Financial Information, Star Omen Group also had the following transaction and balances with a related party:

	At 31 March		
	2022	2023	2024
	HK\$'000	HK\$'000	HK\$'000
Corporate guarantees given to a bank by an intermediate holding company	<u>338,480</u>	<u>338,480</u>	<u>338,480</u>

23. FINANCIAL INFORMATION OF STAR OMEN

Star Omen was incorporated on 30 January 2024 but there is no paid-in capital up to 31 March 2024. Hence, no financial information is available during the Relevant Periods.

24. PARTICULARS OF SUBSIDIARIES

As at the date of this report, Star Omen has direct and indirect shareholding/equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation/ establishment/ operations	Issued and fully paid-up share capital	Equity interest attributable to Star Omen At 31 March				Principal activities
			2022 %	2023 %	2024 %	At date of this report %	
Century Chain	Hong Kong	31 March 2022: HK\$1 31 March 2023: HK\$1 31 March 2024: HK\$1 Date of this report: HK\$10,000	N/A	N/A	N/A	100	Property investment
Harbour Honour	BVI	US\$1	N/A	N/A	N/A	100	Investment holding
Star Stage	BVI	US\$1	N/A	N/A	N/A	100	Investment holding

All subsidiaries of Star Omen have adopted 31 March as their financial year end date. Except for Century Chain which statutory financial statements for the years ended 31 March 2022, 2023 and 2024 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us, no audited financial statements of all other subsidiaries of Star Omen have been prepared for the years ended 31 March 2022, 2023 and 2024 as they are incorporated in a jurisdiction where there are no statutory audit requirements.

None of the subsidiaries of Star Omen issued any debt securities as at 31 March 2022, 2023 and 2024.

25. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Star Omen Group, Star Omen or any its subsidiaries have been prepared in respect of any period subsequent to 31 March 2024.