



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

Incorporated in Bermuda with limited liability (Stock Code:296)



MAPPING OUT A STRATEGIC FOCUS

INTERIM REPORT

2014/2015

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FINANCIAL SUMMARY

	Six months ended 30 September		Changes
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000	
Revenue	1,053,679	1,099,531	-4.2%
Gross profit	763,584	837,997	-8.9%
EBITDA (after non-controlling interests)	327,275	340,212	-3.8%
EBITDA margin (after non-controlling interests)	31.1%	30.9%	+0.2% pt
Profit for the period attributable to owners of the Company	263,722	278,337	-5.3%
Basic earnings per share	HK\$0.202	HK\$0.215	-6.0%
Interim dividend per share	HK\$0.05	HK\$0.06	-16.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Emperor Entertainment Hotel Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) principally engage in provision of entertainment and hospitality services in Macau.

MARKET REVIEW

During the six months ended 30 September 2014 (the “**Period**”), Macau’s gaming revenue growth has been narrowing amid the slowing credit growth and overcasting of policy-related concerns. The market has been even more challenging since June 2014, when the monthly gross gaming revenue has started to drop off for its first time after five years of uninterrupted growth.

FINANCIAL REVIEW

Overall Review

During the Period, the Group reported a revenue of HK\$1,053.7 million (2013: HK\$1,099.5 million), representing a slight decrease of 4.2% when compared with the same period last year. The decrease was due to the tempered spending of Chinese visitors triggered by the weakening consumer sentiment. The Group’s earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) and after non-controlling interests decreased slightly by 3.8% to HK\$327.3 million (2013: HK\$340.2 million). The EBITDA margin after non-controlling interests was 31.1% (2013: 30.9%). Profit for the Period attributable to the owners of the Company was HK\$263.7 million (2013: HK\$278.3 million). Basic earnings per share was HK\$0.202 (2013: HK\$0.215). The board of directors of the Company (the “**Board**” or “**Directors**”) is pleased to declare an interim dividend of HK\$0.05 (2013: HK\$0.06) per share.

Capital Structure, Liquidity and Financial Resources

There was no change in capital structure during the Period. The Group continued to maintain a strong cash position and a healthy financial position as supported by strong cash inflow. The Group funded its operations and capital expenditure by cash generated from its operations internally.

As at 30 September 2014, aggregate of bank balances and cash, short-term bank deposit and pledged bank deposits of the Group amounted to HK\$2,875.5 million (31 March 2014: HK\$2,839.8 million), which are mainly denominated in Hong Kong dollars, Macau Pataca and Renminbi.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Capital Structure, Liquidity and Financial Resources *(Continued)*

For the commercial benefit of the Group, the Group exchanged excessive cash in Hong Kong dollars into offshore traded Renminbi (“CNH”) and deposited them with banks for earning higher interest income. To sustain its liquidity, the Group pledged certain CNH deposits in favour of several banks as security for obtaining additional banking facilities to the Group. The Directors closely monitor exposures to foreign exchange risk as well as interest rate risk and will take appropriate actions to mitigate these exposures, if necessary.

Except as described above, the Group did not experience any significant exposure to foreign exchange rate fluctuation during the Period.

The Group’s current assets and current liabilities as at 30 September 2014 were HK\$3,241.3 million and HK\$846.8 million (31 March 2014: HK\$3,238.0 million and HK\$1,660.2 million) respectively. Advances from non-controlling interests of a subsidiary of the Company amounted to HK\$166.0 million (31 March 2014: HK\$186.0 million), which is denominated in Hong Kong dollars, unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. Bank borrowings of HK\$540.0 million (Bank and other borrowings as at 31 March 2014: HK\$906.9 million) denominated in Hong Kong dollars, is secured and interest bearing at prevailing market rate and has a fixed repayment term. During the Period, the Group fully repaid other loan of HK\$315.0 million and partially repaid the advances from non-controlling interests and bank borrowings in aggregate of HK\$71.9 million. So the gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased from 24.9% in preceding financial year to 15.2% at the end of the Period.

Pledge of Assets

As at 30 September 2014, assets with carrying values of approximately HK\$4.5 billion (31 March 2014: HK\$3.9 billion) were pledged to several banks as security for banking facilities in a total of approximately HK\$2.6 billion (31 March 2014: HK\$2.4 billion) granted to the Group. In addition, the Group has a bank deposit of HK\$0.3 million (31 March 2014: HK\$0.3 million) pledged to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group currently operates two hotels in Macau, namely, Grand Emperor Hotel (“**GEH**”) and Best Western Hotel Taipa (“**BWH**”).

GEH, the Group’s flagship project located in the Peninsula, is an award-winning gaming hotel of 23-storey with a total gross floor area of 655,000 square feet and 307 guest rooms. It has six gaming floors covering over 130,000 square feet and offers slot machines as well as gaming tables in gaming concourse and VIP room. The Group strives to pursue an effective customer segmentation strategy with strong focus on premium mass market. During the Period, the Group’s gaming revenue had decreased moderately owing to a subdued consumer spending and a tough comparison base with the same period last year.

BWH, newly acquired in March 2014, is a 17-storey hotel with a total gross floor area of 209,000 square feet and 285 guest rooms, adjacent to popular tourists’ spots in Taipa Macau. The acquisition enables the Group to extend its geographical coverage from the Peninsula to Taipa and expand its hotel room capacity.

Gaming Revenue

The Group’s casino in GEH is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. During the Period, the Group’s gaming revenue decreased by 9.9% to HK\$901.6 million (2013: HK\$1,000.1 million), accounting for 85.6% of the Group’s total revenue.

Gaming Concourse

The gross win in gaming concourse fell to HK\$1,209.1 million (2013: HK\$1,408.8 million). Revenue from gaming concourse was HK\$671.0 million (2013: HK\$780.8 million), representing a decrease of 14.1%. The segment accounted for 63.7% of the Group’s total revenue as compared with 71.0% in the same period last year. The number of tables in the gaming concourse was 67 tables (2013: 67 tables). Average win per table per day was HK\$99,000 (2013: HK\$115,000).

VIP Room

The Group self-managed a VIP room with 10 tables (2013: 10 tables) with the rolling amount of HK\$11.4 billion (2013: HK\$12.0 billion). Revenue from VIP room grew by 7.2% to HK\$214.6 million (2013: HK\$200.1 million), accounting for 20.4% of the Group’s total revenue. Average win per table per day increased to HK\$207,000 (2013: HK\$193,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Gaming Revenue *(Continued)*

Slot Machines

The segment recorded a gross win of HK\$36.0 million (2013: HK\$43.6 million) with the capacity of 200 slot seats (2013: 267 slot seats). Segmental revenue was HK\$16.0 million (2013: HK\$19.2 million), accounting for 1.5% of the Group's total revenue. Average win per seat per day was HK\$1,020 (2013: HK\$860).

Hotel Revenue

It was the first reporting period that the income from BWH was fully reflected in the hotel revenue following its acquisition in March 2014. As a result, the hotel revenue increased significantly by 53.0% to HK\$152.1 million (2013: HK\$99.4 million), accounting for 14.4% of the Group's total revenue.

As of 30 September 2014, GEH and BWH provided 307 and 285 guest rooms respectively. During the Period, the average room rate of GEH and BWH were HK\$1,292 per night (2013: HK\$1,273 per night) and HK\$586 per night (2013: N/A) with occupancy rate of 88% (2013: 87%) and 96% (2013: N/A) respectively. Combined room revenue was HK\$64.5 million (2013: HK\$23.6 million). Combined revenue from food and beverage was HK\$65.2 million (2013: HK\$57.1 million) while an aggregate amount of rental and other revenue was HK\$22.4 million (2013: HK\$18.7 million).

OUTLOOK

Gaming market in Macau has enjoyed explosive growth over the past years riding on China's economic boom and the burgeoning wealth of the middle class. However, the pace of growth has been moderating under near-term macroeconomic uncertainties. Although uncertainties exist, the Group believes the solid fundamentals of the city, such as proximity to the mainland and propensity for gambling among Chinese, will be the long-term drivers to reinforce Macau's position as the world's largest gaming hub. The attractiveness of Macau will further be enhanced with huge improvements in transport links infrastructure and the development on the neighboring Hengqin Island.

6 The Group actively seeks expansion opportunities to pursue long-term growth. The acquisition of BWH serves to greatly expand the Group's accommodation capacity to cater growing customer demand. Upon completion of its upgrading works in 2015, BWH will provide the Group with steady returns on capital and deliver incremental revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2014, the Group's number of employee was 1,248 (31 March 2014: 1,240). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$221.5 million (2013: HK\$199.5 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 2 September 2002 (the "**Old Share Option Scheme**"). The Old Share Option Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. The Company adopted a new share option scheme on 15 August 2013 in view of the expiration of the Old Share Option Scheme. Other relevant details of both schemes will be set out in the section headed "Share Options" in page 32.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.05 per share ("**Interim Dividend**") for the financial year ending 31 March 2015 (2013/2014: HK\$0.06 per share) amounting to approximately HK\$65,127,000 (2013/2014: HK\$78,108,000). The Interim Dividend will be payable on 19 December 2014 (Friday) to shareholders whose names appear on the register of members of the Company on 12 December 2014 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Interim Dividend, from 11 December 2014 (Thursday) to 12 December 2014 (Friday), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 10 December 2014 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2014

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the Period together with the comparative figures for the corresponding period in 2013 as set out below:

	Notes	Six months ended 30 September	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Revenue	3	1,053,679	1,099,531
Cost of sales		(22,443)	(20,334)
Cost of hotel and gaming operations		(267,652)	(241,200)
Gross profit		763,584	837,997
Other income		42,012	34,168
Fair value changes in investment properties		9,300	5,000
Selling and marketing expenses		(252,646)	(291,784)
Administrative expenses		(131,010)	(106,056)
Finance costs	5	(11,727)	(230)
Profit before taxation	4&6	419,513	479,095
Taxation	7	(46,137)	(52,248)
Profit and total comprehensive income for the period		373,376	426,847
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		263,722	278,337
Non-controlling interests		109,654	148,510
		373,376	426,847
Earnings per share	9		
Basic		HK\$0.202	HK\$0.215
Diluted		N/A	HK\$0.215

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	As at	
		30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Non-current assets			
Investment properties	10	729,500	720,200
Property, plant and equipment	10	1,483,971	1,511,220
Prepaid lease payments	10	563,271	571,561
Deposits paid for acquisition of property, plant and equipment		13,276	4,402
Goodwill		110,960	110,960
		2,900,978	2,918,343
Current assets			
Inventories, at cost		14,023	13,561
Trade and other receivables	11	335,204	368,075
Prepaid lease payments	10	16,580	16,580
Pledged bank deposits		2,084,350	2,414,396
Short-term bank deposit		15,153	15,066
Bank balances and cash		775,960	410,329
		3,241,270	3,238,007
Current liabilities			
Trade and other payables	12	244,434	189,682
Amounts due to fellow subsidiaries		2,726	4,715
Amounts due to non-controlling interests of a subsidiary		166,000	186,000
Taxation payable		417,487	372,889
Bank and other borrowings – due within one year		16,200	906,887
		846,847	1,660,173

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Net current assets	2,394,423	1,577,834
Total assets less current liabilities	5,295,401	4,496,177
Non-current liabilities		
Bank borrowings – due after one year	523,800	–
Deferred taxation	113,560	113,821
	637,360	113,821
	4,658,041	4,382,356
Capital and reserves		
Share capital	130	130
Reserves	3,125,883	2,959,852
Equity attributable to owners of the Company	3,126,013	2,959,982
Non-controlling interests	1,532,028	1,422,374
	4,658,041	4,382,356

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2014

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Share option reserve	Legal reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013	129	410,802	668	8,478	3,964	287	2,084,819	2,509,147	1,114,077	3,623,224
Profit and total comprehensive income for the period	-	-	-	-	-	-	278,337	278,337	148,510	426,847
Issue of shares	1	11,683	-	-	(1,784)	-	-	9,900	-	9,900
2013 final dividend paid in cash	-	-	-	-	-	-	(93,063)	(93,063)	-	(93,063)
At 30 September 2013	130	422,485	668	8,478	2,180	287	2,270,093	2,704,321	1,262,587	3,966,908
At 1 April 2014	130	436,765	668	8,478	-	287	2,513,654	2,959,982	1,422,374	4,382,356
Profit and total comprehensive income for the period	-	-	-	-	-	-	263,722	263,722	109,654	373,376
2014 final dividend paid in cash	-	-	-	-	-	-	(97,691)	(97,691)	-	(97,691)
At 30 September 2014	130	436,765	668	8,478	-	287	2,679,685	3,126,013	1,532,028	4,658,041

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash from operating activities	536,572	582,391
Net cash from (used in) from investing activities	320,814	(2,080,638)
Net cash used in financing activities	(491,755)	(123,163)
Net increase (decrease) in cash and cash equivalents	365,631	(1,621,410)
Cash and cash equivalents at the beginning of the period	410,329	2,006,252
Cash and cash equivalents at the end of the period	775,960	384,842
Analysis of balance of cash and cash equivalents at the end of the period, bank balances and cash	775,960	384,842

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which were adjusted to fair value at initial recognition and investment properties which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies used in these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2014, except as described below.

In the Period, the Group has adopted the following Hong Kong Accounting Standards (“**HKASs**”), Hong Kong Financial Reporting Standards (“**HKFRSs**”), amendments and interpretation (“**INTs**”) (hereinafter collectively referred to as the “**new and revised HKFRSs**”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2014.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC*) – INT 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee.

The application of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new standards or interpretations that have been issued but are not yet effective for the current accounting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

3. REVENUE

An analysis of the Group's revenue is as follows:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Service income from gaming operation in mass market hall	671,019	780,814
Service income from gaming operation in VIP room	214,568	200,098
Service income from gaming operation in slot machine hall	16,030	19,229
Hotel room income	64,491	23,643
Food and beverage sales	65,184	57,135
Rental income from investment properties	14,053	13,376
Others	8,334	5,236
	1,053,679	1,099,531

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

4. SEGMENT INFORMATION

The executive directors of the Company (the “**Executive Directors**”) have been identified as the chief operating decision maker (“**CODM**”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources.

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from mass market hall, VIP room and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating and reportable segments under HKFRS 8 as gaming operation and hotel operation.

The segment information reported externally is analysed on the basis of their types of services supplied by the Group’s operating divisions which is consistent with the internal information that are 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 differences in services. The principal activities of the operating and reportable segments are as follows:

- | | |
|------------------|--|
| Gaming operation | - Mass market hall, VIP room and slot machine hall operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau |
| Hotel operation | - Hotel operation in the Grand Emperor Hotel and the Best Western Hotel Taipa in Macau including hotel-related service income and rental income from investment properties |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

4. SEGMENT INFORMATION *(Continued)*

The Executive Directors assess the performance of individual operating and reportable segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation, exchange loss, at corporate level, central administration costs and fair value changes in investment properties (the “**Adjusted EBITDA**”).

Inter-segment revenue is charged at prevailing market rate.

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2014

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE					
External revenue	901,617	152,062	1,053,679	-	1,053,679
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	901,617	153,473	1,055,090	(1,411)	1,053,679
Segment result based on the Adjusted EBITDA	431,520	84,557	516,077		516,077
Bank interest income					34,934
Depreciation of property, plant and equipment					(71,386)
Exchange loss, at corporate level					(1,645)
Release of prepaid lease payments					(8,290)
Fair value changes in investment properties					9,300
Finance costs					(11,727)
Unallocated corporate expenses					(47,750)
Profit before taxation					419,513

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 September 2013

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE					
External revenue	1,000,141	99,390	1,099,531	-	1,099,531
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	1,000,141	100,801	1,100,942	(1,411)	1,099,531
Segment result based on the Adjusted EBITDA	492,302	54,358	546,660		546,660
Bank interest income					24,946
Depreciation of property, plant and equipment					(62,274)
Release of prepaid lease payments					(3,223)
Fair value changes in investment properties					5,000
Finance costs					(230)
Unallocated corporate expenses, net					(31,784)
Profit before taxation					479,095

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the Executive Directors for review.

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

5. FINANCE COSTS

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Interest on:		
– bank borrowings not wholly repayable within five year	3,428	–
– bank borrowings wholly repayable within one year	2,180	–
– other borrowings wholly repayable within one year	4,229	–
	9,837	–
Bank loan arrangement fee	1,890	230
	11,727	230

6. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	214,424	261,989
Depreciation of property, plant and equipment	71,386	62,274
Loss on disposal of property, plant and equipment	1,770	1,729
Release of prepaid lease payments	8,290	3,223
and after crediting:		
Bank interest income	34,934	24,946

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

7. TAXATION

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
The charge comprises:		
Current tax:		
Macau Complementary Income Tax	46,398	52,761
Deferred taxation	(261)	(513)
	46,137	52,248

The Macau Complementary Income Tax is calculated at the applicable rate of 12% of the estimated assessable profits for both periods.

No provision for Hong Kong Profits Tax has been made in the current period as the estimated assessable profit is wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax had been made in prior period as there was no estimated assessable profit for that period.

8. DIVIDENDS

A dividend of HK\$0.075 per share with an aggregate amount of approximately HK\$97,691,000 was paid to the shareholders of the Company during the Period as the final dividend of 2013/2014. A dividend of HK\$0.072 per share with an aggregate amount of approximately HK\$93,063,000 was paid to the shareholders of the Company during the corresponding period in 2013 as the final dividend of 2012/2013.

The Board has resolved to declare an interim dividend of HK\$0.05 per share for the financial year ending 31 March 2015 (2013/2014: HK\$0.06 per share) amounting to approximately HK\$65,127,000 (2013/2014: HK\$78,108,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Earnings		
Earnings (profit for the period attributable to the owners of the Company) for the purpose of basic and diluted earnings per share	263,722	278,337

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,302,545,983	1,292,715,382
Effect of dilutive potential ordinary shares:		
Share options	N/A	1,740,223
Weighted average number of ordinary shares for the purpose of diluted earnings per share	N/A	1,294,455,605

Diluted earnings per share has not been presented in the current period as the Company has no dilutive potential ordinary share for the Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

10. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

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

	Investment properties (Unaudited) HK\$'000	Property, plant and equipment (Unaudited) HK\$'000	Prepaid lease payments (Unaudited) HK\$'000
FAIR VALUE/CARRYING AMOUNTS			
At 1 April 2014	720,200	1,511,220	588,141
Additions	–	46,264	–
Disposals	–	(2,127)	–
Depreciation for the Period	–	(71,386)	–
Release for the Period	–	–	(8,290)
Increase in fair value	9,300	–	–
At 30 September 2014	729,500	1,483,971	579,851

The fair value of the Group's investment properties as at 30 September 2014 has been arrived at on the basis of a valuation carried out on that dates by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors. As at 30 September 2014, all investment properties were held for rental under operating leases. There has been no change to the valuation technique during the Period. The valuation was arrived at with reference to market evidence of recent transactions prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade receivables	182,605	275,694
Less: Allowance for bad and doubtful debts	(43,618)	(44,798)
	138,987	230,896
Chips on hand	159,974	87,239
Other receivables and prepayments	36,243	49,940
	335,204	368,075

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the credit periods are extended to a longer period. An ageing analysis of the Group's trade receivables (net of allowances) based on the date of credit granted or the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	119,209	211,191
31 – 60 days	1,848	4,893
61 – 90 days	320	131
91 – 180 days	3,410	51
Over 180 days	14,200	14,630
	138,987	230,896

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

12. TRADE AND OTHER PAYABLES

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Trade payables	26,220	14,752
Construction payables and accruals	18,805	21,967
Other payables and accruals	184,409	137,963
Short-term advance	15,000	15,000
	244,434	189,682

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

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
0 – 30 days	8,190	7,129
31 – 60 days	15,342	6,550
61 – 90 days	2,596	504
91 – 180 days	80	569
Over 180 days	12	–
	26,220	14,752

13. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

The Directors consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective end of the reporting periods approximate their corresponding fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

14. COMMITMENTS

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Authorised but not contracted for in respect of property, plant and equipment	102,583	73,977
Contracted for but not provided in the condensed consolidated financial statements, net of deposits paid, in respect of property, plant and equipment	19,044	4,125
	121,627	78,102

15. PLEDGE OF ASSETS

- (a) As at 30 September 2014, certain assets of the Group were pledged to banks to secure for banking facilities granted by the banks to the Group. The carrying values of these assets at the end of the reporting period are as follows:

	As at	
	30 September 2014 (Unaudited) HK\$'000	31 March 2014 (Audited) HK\$'000
Bank deposits	2,084,032	2,414,080
Hotel property	1,081,561	784,065
Investment properties	729,500	497,000
Prepaid lease payments	579,851	226,141
Others	59,877	-
	4,534,821	3,921,286

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

15. PLEDGE OF ASSETS *(Continued)*

- (b) The Group also had a bank deposit of HK\$318,000 (31 March 2014: HK\$316,000) pledged to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group.

16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Advertising expenses to related companies	183	294
Commission to Dr. Yeung Sau Shing, Albert (" Dr. Albert Yeung "), in the capacity of a patron of the Group's VIP room	1,365	641
Professional fee expense to a related company	210	210
Purchase of property, plant and equipment and merchandising goods from related companies and a fellow subsidiary	219	393
Reimbursement of administrative expenses to fellow subsidiaries	5,299	4,196
Rental income from a related company	3,068	2,948

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

16. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Note: The related companies are ultimately controlled by Albert Yeung Holdings Limited (“**AY Holdings**”) which is held by STC International Limited (“**STC International**”) being the trustee of The Albert Yeung Discretionary Trust (“**AY Trust**”) of which Dr. Albert Yeung is the founder and hence a deemed substantial shareholder of the Company. Ms. Luk Siu Man, Semon (“**Ms. Semon Luk**”), a Director of the Company, is the spouse of Dr. Albert Yeung.

(b) The key management personnel of the Company are the Directors. The remuneration paid to them relating to short-term employee benefits are set out below:

	Six months ended 30 September	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Fees	420	421

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2014, the following Directors and chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company or its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules:

(A) LONG POSITIONS INTERESTS IN THE COMPANY

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

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
Ms. Semon Luk	Interest of spouse	815,752,845 <i>(Note)</i>	62.63%

Note:

These Shares were held by Emperor Entertainment Hotel Holdings Limited (“**Emperor E Hotel Holdings**”), an indirect wholly-owned subsidiary of Emperor International Holdings Limited (“**Emperor International**”). Emperor International is a company with its shares listed in Hong Kong and as at 30 September 2014, approximately 74.83% of its issued share capital was held by Emperor International Group Holdings Limited (“**Emperor International Group Holdings**”). The entire issued share capital of Emperor International Group Holdings is wholly-owned by AY Holdings which is held by STC International, being the trustee of the AY Trust, a discretionary trust set up by Dr. Albert Yeung who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate % holding
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,610,489 <i>(Note 1)</i>	74.83%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,617,860,000 <i>(Note 1)</i>	52.57%
	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,773,516,907 <i>(Note 1)</i>	67.38%
	New Media Group Holdings Limited ("New Media Group")	Interest of spouse	647,950,000 <i>(Note 1)</i>	74.99%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	Emperor International	Beneficial owner	5,000,000	0.14%
Mr. Yu King Tin	Emperor W&J	Beneficial owner	80,000	0.001%

(ii) Share options

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of underlying shares held	Approximate % holding
Mr. Wong Chi Fai ("Mr. Bryan Wong")	Emperor International	Beneficial owner	10,769,475 <i>(Note 2)</i>	0.29%
Ms. Vanessa Fan	Emperor International	Beneficial owner	5,769,475 <i>(Note 2)</i>	0.16%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

(B) LONG POSITIONS INTERESTS IN ASSOCIATED

CORPORATIONS *(Continued)*

(ii) Share options *(Continued)*

Notes:

1. Emperor International, Emperor W&J, Emperor Capital Group and New Media Group are companies with their shares listed in Hong Kong. These respective shares were ultimately owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.
2. These were share options granted to Mr. Bryan Wong and Ms. Vanessa Fan also being the directors of Emperor International under the share option scheme of Emperor International.

Save as disclosed above, as at 30 September 2014, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2014, so far as is known to any Directors or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of shareholder	Capacity/ Nature of interests	Number of Shares/ underlying Shares held	Approximate % holding
Emperor International	Interest in a controlled corporation	815,752,845	62.63%
Emperor International Group Holdings	Interest in a controlled corporation	815,752,845	62.63%
AY Holdings	Interest in a controlled corporation	815,752,845	62.63%
STC International	Trustee of the AY Trust	815,752,845	62.63%
Dr. Albert Yeung	Founder of the AY Trust	815,752,845	62.63%

Note:

These Shares were the same shares as those set out under Section (A) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long position. As at 30 September 2014, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 September 2014, the Directors or chief executives of the Company were not aware of any other persons or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS

The share option scheme adopted by the Company on 2 September 2002 (the “**Old Share Option Scheme**”) lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. Following the expiry of the Old Share Option Scheme, no further share options can be granted thereunder and all share options granted under the Old Share Option Scheme has been exercised during the year ended 31 March 2014.

In order to ensure the continuity of a share option scheme for the Company to provide incentives or rewards to participants including the Directors and eligible employees of the Group, the shareholders of the Company passed an ordinary resolution at the annual general meeting of the Company held on 8 August 2013 to approve the adoption of a new share option scheme. No share options were granted thereunder.

CORPORATE GOVERNANCE CODE

The Company has complied throughout the Period with all the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

SHARE OPTIONS AND OTHER INFORMATION

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements as set out in this interim report have not been audited or reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report has been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the requirement of Rule 13.51B(1) of the Listing Rules, the changes in Directors' information since the date of the 2013/2014 Annual Report are set out below:

Positions held with a newly established board committee of the Company

Positions	Appointment Date
Mr. Bryan Wong – Chairman of Executive Committee	25 November 2014
Ms. Vanessa Fan – Member of Executive Committee	25 November 2014

Save as disclosed above, the Company is not aware of other changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SHARE OPTIONS AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S

LISTED SECURITIES

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

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

Hong Kong, 25 November 2014

As at the date hereof, the Board comprised:

Non-executive Director :

Ms. Luk Siu Man, Semon

Executive Directors :

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors :

Ms. Chan Wiling, Yvonne

Ms. Wan Choi Ha

Mr. Yu King Tin

This Interim Report (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website (<http://www.emp296.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Interim Report. Upon written request, a free printed version of Corporate Communication will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.