



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

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

INTERIM REPORT  

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2018/2019



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# FINANCIAL SUMMARY

	Six months ended 30 September		
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000	Changes
Revenue	<b>665,588</b>	702,122	- 5.2%
Profit attributable to owners of the Company	<b>128,942</b>	118,609	+ 8.7%
Basic earnings per share	<b>HK\$0.10</b>	HK\$0.09	+ 11.1%
Interim dividend per share	<b>HK\$0.028</b>	HK\$0.026	+ 7.7%



# 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 2018 (the “**Period**”), Macau’s gaming market exhibited healthy growth with an increase in gross gaming revenue of 13.6% to MOP147.5 billion. The growth was primarily driven by incremental visitation due to the openings of large-scale resorts in Cotai. While the new gaming offerings are proving popular, the number of overnight visitors witnessed steady growth, reflecting the progress towards the Chinese government’s initiative of positioning Macau as a world tourism and leisure hub. However, the market share of Macau Peninsula, the city’s traditional gaming zone, has been inevitably overshadowed by the large-scale resorts in Cotai.

## FINANCIAL REVIEW

### Overall Review

During the Period, the Group reported a revenue of HK\$665.6 million (2017: HK\$702.1 million). Profit for the Period attributable to the owners of the Company increased by 8.7% to HK\$128.9 million (2017: HK\$118.6 million). Basic earnings per share increased to HK\$0.10 (2017: HK\$0.09). The board of directors of the Company (the “**Board**” or the “**Directors**”) has declared an interim dividend of HK\$0.028 (2017: HK\$0.026) per share.

### Capital Structure, Liquidity and Financial Resources

During the Period, the Company had repurchased its own shares from the market in total of 17,595,000 shares at an aggregate consideration (before transaction costs and expenses) of HK\$29.2 million with average price of HK\$1.662 per share. Having considered the Group’s cash reserves, the Directors believe the share repurchases would optimise capital structure of the Company and recognise value to its shareholders. At the end of the reporting period, these repurchased shares had been cancelled and the total number of issued shares of the Company was reduced to 1,284,950,983 shares and the issued share capital was HK\$128,000 (31 March 2018: HK\$130,000).

The Group continued to maintain a strong cash position and a healthy financial position, supported by its ongoing and stable cash inflows. The Group funded its operations and capital expenditure by cash generated internally from its operations. For the commercial benefit of the Group, the Group invested in certain high-yield listed corporate bonds with carrying value of HK\$503.5 million as of 30 September 2018 (31 March 2018: HK\$423.1 million). These listed corporate bonds are denominated in United States dollar and Renminbi (“**RMB**”) with a maturity period from 1 to 3 years. As at 30 September 2018, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$3,406.5 million (31 March 2018: HK\$3,574.4 million), which are mainly denominated in Hong Kong dollars, United States dollars and Macau Patacas. The Group is exposed to foreign exchange risk principally caused by fluctuation in RMB exchange rate. The management closely monitors its overall foreign exchange exposure and considers to adopt appropriate measures to mitigate this risk when necessary.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW *(Continued)*

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

The Group's current assets and current liabilities as at 30 September 2018 were HK\$3,825.1 million and HK\$743.8 million (31 March 2018: HK\$4,073.8 million and HK\$881.7 million), respectively. As at 30 September 2018, the advances from non-controlling interests of a subsidiary of the Company amounted to HK\$98.0 million (31 March 2018: HK\$107.6 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. The gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased to 1.7% (31 March 2018: 1.8%).

### Pledge of Assets

As at 30 September 2018, assets with carrying values of approximately HK\$2.3 billion (31 March 2018: HK\$2.3 billion) were pledged to several banks as security for banking facilities, for a total of HK\$100.0 million (31 March 2018: HK\$100.0 million) granted to the Group. In addition, the Group has bank deposits in aggregate of HK\$44.0 million (31 March 2018: HK\$0.3 million) pledged to banks as security for i) obtaining a bank guarantee in amount of MOP45.0 million (equivalent to HK\$43.7 million) which is made in favour of Sociedade de Jogos de Macau, S.A. ("**SJM**") for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM of the employee's salaries and benefits for those gaming operation employees employed by SJM who work for the casino where the Group provides services to SJM, as stipulated under the service agreement entered into between SJM and the Group; and ii) the use of ferry ticket equipment provided by a third party to the Group.

## BUSINESS REVIEW

The Group currently operates two hotels, Grand Emperor Hotel ("**GEH**") and Inn Hotel Macau ("**IHM**"), in Macau.

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



# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW** *(Continued)*

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

### **Gaming Revenue**

The Group's casino in GEH is operated under the gaming licence held by SJM. During the Period, the Group's gaming revenue declined slightly to HK\$546.7 million (2017: HK\$586.6 million). While VIP segment delivered stable performance, gaming concourse segment was lacklustre as a result of capacity expansion in Cotai. Nevertheless, the Group strived to enhance the table yield and improve customer segmentation, which enabled the Group to mitigate, to a certain extent, the impact of heightened competition.

#### *Gaming Concourse*

The gross win in the gaming concourse was HK\$552.3 million (2017: HK\$626.5 million) and revenue from the gaming concourse was HK\$309.8 million (2017: HK\$350.6 million), accounting for 46.5% of the Group's total revenue. There were 67 (2017: 67) tables in the gaming concourse. Average win per table per day was HK\$45,000 (2017: HK\$51,000).

#### *VIP Room*

The Group self-managed a VIP room with 10 (2017: 10) tables. The rolling amount was HK\$9.7 billion (2017: HK\$10.4 billion). Revenue from the VIP room was HK\$217.4 million (2017: HK\$217.9 million), accounting for 32.7% of the Group's total revenue. Average win per table per day was HK\$209,000 (2017: HK\$210,000).

#### *Slot Machines*

With a capacity of 170 (2017: 155) slot seats, the gross win from slot machines increased to HK\$41.2 million (2017: HK\$38.1 million). Revenue from the slot machines increased to HK\$19.5 million (2017: HK\$18.1 million), accounting for 2.9% of the Group's total revenue. Average win per seat per day was HK\$1,332 (2017: HK\$1,339).

### **Hotel Revenue**

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$118.9 million (2017: HK\$115.5 million), accounting for 17.9% of the total revenue.



# MANAGEMENT DISCUSSION AND ANALYSIS

## **BUSINESS REVIEW** *(Continued)*

### **Hotel Revenue** *(Continued)*

As of 30 September 2018, GEH and IHM provided 311 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$884 (2017: HK\$833) per night and HK\$499 (2017: HK\$441) per night, with occupancy rates of 93% (2017: 91%) and 93% (2017: 94%), respectively. Combined room revenue was HK\$49.9 million (2017: HK\$46.1 million). Combined revenue from food and beverage was HK\$54.5 million (2017: HK\$53.8 million), while the aggregate amount of rental income and other revenue was HK\$14.5 million (2017: HK\$15.6 million).

## **OUTLOOK**

As Sino-US trade conflicts and currency volatility remains a concern, the Group is aware of the macroeconomic situation and its implication towards the market sentiment in the near term. Nevertheless, the Group is still positive regarding the long-term growth prospects for Macau's gaming market given the increasing visitation and penetration of Chinese tourists to the city. The improvement in transport link connecting the Chinese mainland and Macau also provides an underlying support for a sustained growth. The Group is devoted to leverage its competitive advantages and capture value-creating opportunities in Macau.

Looking ahead, the Group will strive to capture the market opportunities by enhancing its VIP business, which has been its core strength. The Group will also reinforce the customer segmentation, in order to further penetrate the premium mass market in which the Group sees potential in the long term. Meanwhile, the Group will continue to engage with customers proactively so as to keep up with evolving customer expectations and ensure long-term satisfaction.

## **EVENT AFTER THE END OF THE REPORTING PERIOD**

Subsequent to the end of the Period, the Group made an acquisition from a substantial shareholder of Luck United Holdings Limited ("**Luck United**"), a non-wholly owned subsidiary of the Company, of its entire 15% equity interest in Luck United and the relevant shareholder's loan due to this shareholder (the "**Acquisition**") at a total consideration of HK\$460.0 million. Upon completion of the Acquisition on 19 October 2018, the Group increased its stake to 75% in Luck United, which in recent years, continued to achieve stable performance in entertainment and hospitality services in Macau and generated recurrent income stream for the Group. The Acquisition can realise the expansion of such good investment opportunity and enable the Group to utilise financial resources efficiently.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group's number of employees was 1,138 (31 March 2018: 1,164). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$217.3 million (2017: HK\$216.4 million). Employees' remuneration was determined in accordance with individual's responsibilities, 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. The Company adopted a share option scheme to provide incentive or reward to staff.

## INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.028 per share ("**Interim Dividend**") (2017: HK\$0.026 per share) amounting to approximately HK\$35,979,000 (2017: HK\$33,866,000). The Interim Dividend will be payable on 21 December 2018 (Friday) to shareholders whose names appear on the register of members of the Company on 14 December 2018 (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 13 December 2018 (Thursday) to 14 December 2018 (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 12 December 2018 (Wednesday).



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

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 2017 as set out below:

	Notes	Six months ended 30 September	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Revenue	3	665,588	702,122
Cost of sales		(18,991)	(18,497)
Cost of hotel and gaming operations		(246,432)	(253,844)
Gross profit		400,165	429,781
Other income		38,188	20,242
Fair value changes of investment properties		14,100	22,400
Other (loss) gain	5	(10,994)	464
Selling and marketing expenses		(140,044)	(150,030)
Administrative expenses		(126,352)	(128,247)
Finance cost	6	(131)	(7,307)
Profit before taxation	4&7	174,932	187,303
Taxation	8	(19,283)	(22,928)
Profit for the period		155,649	164,375
<b>Other comprehensive (expense) income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change of investments in debt instruments measured at fair value through other comprehensive income		(16,966)	-
Reclassification adjustments for amounts transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		612	-
Other comprehensive expense for the period		(16,354)	-
Total comprehensive income for the period		139,295	164,375



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Note	Six months ended 30 September	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
<b>Profit for the period attributable to:</b>			
Owners of the Company		128,942	118,609
Non-controlling interests		26,707	45,766
		<b>155,649</b>	164,375
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		119,130	118,609
Non-controlling interests		20,165	45,766
		<b>139,295</b>	164,375
<b>Earnings per share</b>			
Basic	10	<b>HK\$0.10</b>	HK\$0.09

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		As at	
	Notes	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
<b>Non-current assets</b>			
Investment properties	11	693,400	679,300
Property, plant and equipment	11	1,278,523	1,265,965
Prepaid lease payments	11	457,049	464,900
Available-for-sale investments		–	262,965
Debt instruments at fair value through other comprehensive income		388,875	–
Deposits paid for acquisition of property, plant and equipment		14,631	11,625
Goodwill		110,960	110,960
		<b>2,943,438</b>	<b>2,795,715</b>
<b>Current assets</b>			
Inventories, at cost		13,406	14,424
Trade and other receivables	12	274,884	309,249
Available-for-sale investments		–	160,109
Debt instruments at fair value through other comprehensive income		114,628	–
Prepaid lease payments	11	15,703	15,703
Pledged bank deposits		44,036	334
Short-term bank deposits		824,912	475,516
Bank balances and cash		2,537,570	3,098,510
		<b>3,825,139</b>	<b>4,073,845</b>
<b>Current liabilities</b>			
Trade and other payables	14	233,610	379,300
Amounts due to fellow subsidiaries		2,558	3,283
Amounts due to non-controlling interests of a subsidiary		98,000	107,600
Taxation payable		409,656	391,561
		<b>743,824</b>	<b>881,744</b>
<b>Net current assets</b>		<b>3,081,315</b>	<b>3,192,101</b>
<b>Total assets less current liabilities</b>		<b>6,024,753</b>	<b>5,987,816</b>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		As at	
	Note	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
<b>Non-current liability</b>			
Deferred taxation		111,624	111,012
		<b>5,913,129</b>	5,876,804
<b>Capital and reserves</b>			
Share capital	15	128	130
Reserves		4,006,000	3,989,838
Equity attributable to owners of the Company		4,006,128	3,989,968
Non-controlling interests		1,907,001	1,886,836
<b>Total equity</b>		<b>5,913,129</b>	5,876,804



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Investment revaluation reserve	Legal reserve	Accumulated profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 April 2017 (Audited)	130	436,765	668	24,582	-	287	3,242,907	3,705,339	1,773,236	5,478,575
Profit and total comprehensive income for the period	-	-	-	-	-	-	118,609	118,609	45,766	164,375
2017 final dividend paid in cash	-	-	-	-	-	-	(74,245)	(74,245)	-	(74,245)
At 30 September 2017 (Unaudited)	130	436,765	668	24,582	-	287	3,287,271	3,749,703	1,819,002	5,568,705
At 1 April 2018 (Audited)	130	436,765	668	24,582	(834)	287	3,528,370	3,989,968	1,886,836	5,876,804
Profit for the period	-	-	-	-	-	-	128,942	128,942	26,707	155,649
Fair value change of investments in debt instruments measured at fair value through other comprehensive income	-	-	-	-	(10,180)	-	-	(10,180)	(6,786)	(16,966)
Reclassification adjustments relating to disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	368	-	-	368	244	612
Total comprehensive (expense) income for the period	-	-	-	-	(9,812)	-	128,942	119,130	20,165	139,295
Shares repurchased and cancelled (note 15)	(2)	-	2	-	-	-	(29,339)	(29,339)	-	(29,339)
2018 final dividend paid in cash	-	-	-	-	-	-	(73,631)	(73,631)	-	(73,631)
At 30 September 2018 (Unaudited)	128	436,765	670	24,582	(10,646)	287	3,554,342	4,006,128	1,907,001	5,913,129



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Net cash from operating activities	220,529	248,785
Net cash used in investing activities*	(668,899)	(1,507,226)
Net cash used in financing activities	(112,570)	(111,540)
Net decrease in cash and cash equivalents	(560,940)	(1,369,981)
Cash and cash equivalents at the beginning of the reporting period	3,098,510	3,959,005
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	2,537,570	2,589,024
*Net cash used in investing activities represents:		
Increase in debt instruments at fair value through other comprehensive income	(252,083)	-
Increase in short-term bank deposits	(349,396)	(1,499,835)
Increase in pledged bank deposits	(43,702)	(3)
Other investing activities	(23,718)	(7,388)
	(668,899)	(1,507,226)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 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**”).

These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2018.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

### Application of new and amendments to HKFRSs

In the Period, the Group has adopted, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### Application of new and amendments to HKFRSs (Continued)

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the Period. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the following major sources:

- gaming operation
- hotel operation

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

##### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

#### Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations including obligation to provide good or services to customers on complementary basis, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Continued)

##### Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

The Directors considered that the Group acts as principal for its services provided to a gaming concessionaire or customers in hotel operation, as the Group controls the specified service to be provided by the Group before service transferred to a customer.

#### 2.1.2 Summary of effects arising from initial application of HKFRS 15

The Directors reviewed and assessed the effect of application of HKFRS 15 in the current and prior periods and considered that there is no material impact on the timing and amounts of revenue recognised for both periods.

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for: 1) the classification and measurement of financial assets and financial liabilities; 2) expected credit losses (“ECL”) for financial assets and 3) general hedge accounting.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

##### Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### Classification and measurement of financial assets (Continued)

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

##### *Debt instruments/receivables classified as at FVTOCI*

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments/receivables are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowance are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments/receivables. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments/receivables had been measured at amortised cost. When these debt instruments/receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

The Directors reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group’s financial assets and the impacts thereof are detailed in Note 2.2.2.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments *(Continued)*

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

##### Impairment of ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debt instruments at FVTOCI, trade receivables, other receivables, bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables from a gaming concessionaire and gaming patrons. The ECL on trade receivables from the gaming concessionaire and gaming patrons are assessed individually for debtors with significant balances and/or making specific provision to these assets when necessary.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### Impairment of ECL model (Continued)

##### *Significant increase in credit risk*

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### Impairment of ECL model (Continued)

##### *Significant increase in credit risk (Continued)*

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if: i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of “investment grade” as per globally understood definitions.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Continued)

##### Impairment of ECL model (Continued)

##### Measurement and recognition of ECL (Continued)

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amounts of these debt instruments.

As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. According to the results of the assessment, no impairment allowance was recognised as at 1 April 2018 and further assessment process is set out in note 13.

#### 2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	AFS investments (Unaudited) HK\$'000	Debt instruments at FVTOCI (Unaudited) HK\$'000
Closing balance at 31 March 2018 – HKAS 39	423,074	–
<b>Effect arising from initial application of HKFRS 9:</b>		
<b>Reclassification</b>		
From available-for-sale (“AFS”) investments (note)	(423,074)	423,074
<b>Opening balance at 1 April 2018</b> – HKFRS 9	–	423,074

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

#### 2.2.2 Summary of effects arising from initial application of HKFRS 9 (Continued)

Note:

#### **AFS investments**

##### *From AFS debt investments to FVTOCI*

Listed bonds with a fair value of HK\$423,074,000 were reclassified from AFS investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value losses of HK\$834,000 continued to accumulate in the investment revaluation reserve as at 1 April 2018.

Except as described above, the application of other new and amendments to HKFRSs in the Period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited condensed consolidated financial statements.

The Group has not early applied any new or revised HKFRSs 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 2018

## 3. REVENUE

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

	Six months ended 30 September 2018 (Unaudited) HK\$'000
<b>Recognised over time:</b>	
Service income from gaming operation in mass market hall	309,754
Service income from gaming operation in VIP room	217,352
Service income from gaming operation in slot machine hall	19,571
Hotel room income	49,901
Others	3,250
	599,828
<b>Recognised at a point in time:</b>	
Food and beverage sales	54,509
Others	1,016
	55,525
<b>Revenue from contracts with customers</b>	<b>655,353</b>
Rental income from investment properties	10,235
	665,588

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 4. SEGMENT INFORMATION

The executive Directors (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 analysis. The Executive Directors review the revenues and operating results of gaming operation as a whole and 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 is regularly reviewed by the CODM for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around different services provided by the Group. The principal activities of the operating and reportable segments are as follows:

- Gaming operation – Mass market hall, VIP room and slot machine hall operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau
- Hotel operation – Hotel operation in the Grand Emperor Hotel and the Inn Hotel Macau including property investment income from investment properties in these hotels in Macau

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) gain at corporate level, loss on disposal of debt instruments at FVTOCI and fair value changes of investment properties (the “**Adjusted EBITDA**”).

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

### Segment revenue and results

For the six months ended 30 September 2018

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>SEGMENT REVENUE</b>					
External revenue	546,677	118,911	665,588	-	665,588
Inter-segment revenue	-	811	811	(811)	-
<b>Total</b>	<b>546,677</b>	<b>119,722</b>	<b>666,399</b>	<b>(811)</b>	<b>665,588</b>
Segment result based on the Adjusted EBITDA	165,133	29,602	194,735		194,735
Bank interest income					21,212
Interest income from debt instruments at FVOCI					15,728
Depreciation of property, plant and equipment					(51,255)
Exchange loss at corporate level					(10,994)
Release of prepaid lease payments					(7,851)
Loss on disposal of debt instruments at FVOCI					(612)
Fair value changes of investment properties					14,100
Finance cost					(131)
<b>Profit before taxation</b>					<b>174,932</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

For the six months ended 30 September 2017

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<b>SEGMENT REVENUE</b>					
External revenue	586,580	115,542	702,122	-	702,122
Inter-segment revenue	-	811	811	(811)	-
<b>Total</b>	<b>586,580</b>	<b>116,353</b>	<b>702,933</b>	<b>(811)</b>	<b>702,122</b>
Segment result based on the Adjusted EBITDA	194,928	24,284	219,212		219,212
Bank interest income					18,551
Depreciation of property, plant and equipment					(58,158)
Exchange gain at corporate level					464
Release of prepaid lease payments					(7,859)
Fair value changes of investment properties					22,400
Finance cost					(7,307)
Profit before taxation					187,303

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 2018

## 5. OTHER (LOSS) GAIN

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Exchange (loss) gain	(10,994)	464

## 6. FINANCE COST

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Interest on bank borrowing	–	7,307
Bank loan arrangement fee	131	–
	131	7,307

## 7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	4,931	–
Commission expenses in gaming operation (included in selling and marketing expenses)	110,096	122,284
Depreciation of property, plant and equipment	51,255	58,158
Loss on disposal of property, plant and equipment	172	157
Loss on disposal of debt instruments at FVTOCI	612	–
Release of prepaid lease payments	7,851	7,859
and after crediting:		
Bank interest income	21,212	18,551
Interest income from debt instruments at FVTOCI	15,728	–

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 8. TAXATION

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Macau Complementary Income Tax		
– current tax	18,701	21,337
Hong Kong Profits Tax		
– overprovision in prior year	(30)	–
Deferred taxation	612	1,591
	<b>19,283</b>	22,928

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 is made in the current period as the Group did not have any estimated assessable profits for the Period.

No provision for Hong Kong Profits Tax was made in the prior period as the estimated assessable profits for that period were wholly absorbed by tax losses brought forward in previous years.

## 9. DIVIDENDS

A dividend of HK\$0.057 per share with an aggregate amount of approximately HK\$73,631,000 was paid to the shareholders of the Company during the Period as the final dividend of 2017/2018. A dividend of HK\$0.057 per share with an aggregate amount of approximately HK\$74,245,000 was paid to the shareholders of the Company during the corresponding period in 2017 as the final dividend of 2016/2017.

The Board has declared an interim dividend of HK\$0.028 (2017: HK\$0.026) per share amounting to approximately HK\$35,979,000 (2017: HK\$33,866,000).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 10. EARNINGS PER SHARE

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

	<b>Six months ended 30 September</b>	
	<b>2018 (Unaudited) HK\$'000</b>	<b>2017 (Unaudited) HK\$'000</b>
<b>Earnings</b>		
Earnings (profit for the period attributable to owners of the Company) for the purpose of basic earnings per share	<b>128,942</b>	118,609
<hr/>		
	<b>Six months ended 30 September</b>	
	<b>2018 (Unaudited)</b>	<b>2017 (Unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	<b>1,295,068,251</b>	1,302,545,983
<hr/>		

Diluted earnings per share is not presented as the Company does not have any dilutive potential ordinary share for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 11. 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
<b>FAIR VALUE/CARRYING AMOUNTS</b>			
At 1 April 2018	679,300	1,265,965	480,603
Additions	-	64,004	-
Disposals	-	(191)	-
Depreciation for the Period	-	(51,255)	-
Release for the Period	-	-	(7,851)
Increase in fair value	14,100	-	-
<b>At 30 September 2018</b>	<b>693,400</b>	<b>1,278,523</b>	<b>472,752</b>

The fair value of the Group's investment properties as at 30 September 2018 has been arrived at on the basis of a valuation carried out on the same date 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 (2017) issued by the Hong Kong Institute of Surveyors.

As at 30 September 2018, all investment properties were held for rental under operating leases. The investment properties are held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the Period. The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties with adjustments to reflect different locations and conditions.

During the Period, the Group recognised an increase in fair value of investment properties of HK\$14,100,000 (2017: HK\$22,400,000).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 12. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
Trade receivables	143,349	135,717
Less: Allowance for doubtful debts	(22,940)	(18,009)
	<b>120,409</b>	117,708
Chips on hand	113,207	151,712
Other receivables and prepayments	41,268	39,829
	<b>274,884</b>	309,249

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 allowance) 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 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
0 – 30 days	71,929	95,489
31 – 60 days	32,112	4,776
61 – 90 days	341	595
91 – 180 days	1,335	2,504
Over 180 days	14,692	14,344
	<b>120,409</b>	117,708

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 2018

## 13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO ECL MODEL

As part of the Group's credit risk management, the Group considers debtors' aging for its customers. The Group assessed the ECL for trade receivables from a gaming concessionaire and gaming patrons individually and other trade receivables collectively based on provision matrix as at 1 April 2018 and 30 September 2018. No impairment allowance was provided by the Group for the trade receivables from the gaming concessionaire assessed individually and the other trade receivables assessed based on the provision matrix due to the low probability of default of those customers based on historical credit loss experience. The management of the Group has also assessed all available forward looking information, including but not limited to the economic outlook of Macau and subsequent settlement of these customers, and concluded that there is no significant increase in credit risk.

During the Period, an impairment allowance of HK\$4,931,000 (2017: Nil) was made for the trade receivables from certain gaming patrons assessed individually. Allowance for doubtful debts at the end of the reporting period with an aggregate balance of HK\$22,940,000 (31 March 2018: HK\$18,009,000) represents individually impaired balances from these gaming patrons that the management of the Group considered as uncollectible.

### Allowance for doubtful debts

The movement in the allowance for doubtful debts during the Period was as follows:

	(Unaudited) HK\$'000
At 1 April 2018	18,009
Allowance for doubtful debts	4,931
<b>At 30 September 2018</b>	<b>22,940</b>

For the rest of other receivables including chips on hand, bank deposits and bank balances, no allowance for impairment was made since the management of the Group considers the probability of default is negligible after assessing counterparties' financial background and creditability or the counterparties are banks with high credit ratings assigned by international credit-rating agencies, and have low credit risk.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 14. TRADE AND OTHER PAYABLES

	As at	
	<b>30 September 2018 (Unaudited) HK\$'000</b>	31 March 2018 (Audited) HK\$'000
Trade payables	12,501	14,997
Chips in custody and deposits from gaming patrons	<b>30,710</b>	56,878
Construction payables and accruals	<b>21,272</b>	11,386
Other payables and accruals	<b>95,635</b>	83,184
Payables for acquisition of AFS investments	–	156,741
Accrued staff costs	<b>55,492</b>	38,114
Short-term advance	<b>18,000</b>	18,000
	<b>233,610</b>	379,300

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	
	<b>30 September 2018 (Unaudited) HK\$'000</b>	31 March 2018 (Audited) HK\$'000
0 – 30 days	<b>8,441</b>	9,183
31 – 60 days	<b>4,060</b>	5,696
61 – 90 days	–	15
91 – 180 days	–	62
Over 180 days	–	41
	<b>12,501</b>	14,997

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 15. SHARE CAPITAL

	Number of shares (Unaudited)	Share capital (Unaudited) HK\$'000
<b>Ordinary shares of HK\$0.0001 each</b>		
<b>Authorised:</b>		
At 1 April 2017, 30 September 2017, 1 April 2018 and 30 September 2018	2,000,000,000,000	200,000
<b>Issued and fully paid:</b>		
At 1 April 2017, 30 September 2017 and 1 April 2018	1,302,545,983	130
Share repurchased and cancelled (note)	(17,595,000)	(2)
<b>At 30 September 2018</b>	<b>1,284,950,983</b>	<b>128</b>

Note:

During the Period, the Company repurchased its own shares from the Stock Exchange in total of 17,595,000 shares at an aggregate consideration of HK\$29,339,000 (including the relevant transaction costs and expenses of HK\$96,000). The average price of the repurchased shares was HK\$1.662 per share. These repurchased shares had been cancelled at the end of the reporting period.

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices.

Other than disclosed above, the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value (Unaudited) HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Debt instruments at FVTOCI	503,503 (31 March 2018: Nil)	Level 1	Quoted bid prices in an active market	N/A
AFS investments	- (31 March 2018: 423,074)	Level 1	Quoted bid prices in an active market	N/A

There were no transfers between Level 1 and other Levels during the Period.

## 17. CAPITAL COMMITMENTS

	As at	
	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
Contracted for but not provided in the condensed consolidated financial statements, net of amounts paid, in respect of property, plant and equipment	3,654	3,177

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 18. PLEDGE OF ASSETS

- (a) As at 30 September 2018, 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:

	<b>As at</b>	
	<b>30 September 2018 (Unaudited) HK\$'000</b>	31 March 2018 (Audited) HK\$'000
Hotel properties	<b>996,096</b>	1,013,731
Investment properties	<b>693,400</b>	679,300
Prepaid lease payments	<b>472,752</b>	480,603
Others (note)	<b>76,884</b>	88,354
	<b>2,239,132</b>	2,261,988

Note:

Others represent floating charges over certain other assets of the Group including principally property, plant and equipment (other than hotel properties), inventories, trade and other receivables and bank balances.

- (b) The Group had a bank deposit of HK\$43,700,000 (31 March 2018: Nil) pledged to a bank to secure a bank facility granted to a wholly-owned subsidiary of the Company. The bank facility represents a bank guarantee amounting to MOP45,000,000 (equivalent to HK\$43,689,000 for the period from 4 June 2018 to 31 March 2020, which is made in favour of Sociedade de Jogos de Macau, S.A. ("**SJM**") for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM of the employee's salaries and benefits for those gaming operation employees employed by SJM who work for the casino where the Group provides services to SJM, as stipulated under a service agreement entered into between SJM and the Group.
- (c) The Group also had a bank deposit of HK\$336,000 (31 March 2018: HK\$334,000) pledged to another bank to secure for the use of ferry ticket equipment provided by a third party to the Group.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 19. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Advertising expense to a related company	326	–
Commission to Dr. Yeung Sau Shing, Albert (“ <b>Dr. Albert Yeung</b> ”), in his capacity of a patron of the Group’s VIP room	552	295
Professional service fee to a related company	210	210
Purchase of property, plant and equipment and merchandising goods from related companies and a fellow subsidiary	655	1,002
Reimbursement of administrative expenses to fellow subsidiaries	4,814	4,752
Rental income from a related company	2,070	2,070
Secretarial fee to a related company	200	200

Note:

The above related companies and fellow subsidiaries are either controlled by a Director or Albert Yeung Holdings Limited (“**AY Holdings**”) which is the ultimate controlling shareholder of the Company. AY Holdings is held by STC International Limited (“**STC International**”), being the trustee of The Albert Yeung Discretionary Trust (“**AY Trust**”), the settlor and founder of which Dr. Albert Yeung.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

## 19. RELATED PARTY TRANSACTIONS (Continued)

- (b) The key management personnel of the Company are the Directors and the total remunerations paid to them during the Period are set out below:

	Six months ended 30 September	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Fees	580	420

- (c) At the end of the reporting period, the Group had the following balances with related parties:

	As at	
	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
Amounts due to fellow subsidiaries	2,558	3,283
Amounts due to non-controlling interests of a subsidiary	98,000	107,600

## 20. EVENT AFTER THE END OF THE REPORTING PERIOD

On 8 October 2018, the Group entered into a sale and purchase agreement with a substantial shareholder of Luck United, a non-wholly owned subsidiary of the Company, for the Acquisition at a cash consideration of HK\$460,000,000. Upon completion of the Acquisition on 19 October 2018, the fair value of the 15% net asset value of Luck United acquired by and the relevant shareholder's loan assigned to the Group were in total of HK\$753,935,000. This resulted in a discount on the Acquisition amounting to HK\$293,935,000 (being the difference between the aggregate of the 15% net asset value acquired by and the shareholder's loan assigned to the Group and the total consideration paid) which has been credited to reserves account upon its completion. Since then, the Group increased its equity interest in Luck United from 60% to 75%.



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

As at 30 September 2018, 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 adopted by the Company (“EEH Securities Code”):

### (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. Luk Siu Man, Semon (“Ms. Semon Luk”)	Interest of spouse	851,352,845 (Note)	66.26%

Note:

These Shares were held by Emperor Entertainment Hotel Holdings Limited, 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 2018, approximately 74.71% 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 founded 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 ORDINARY SHARES OF ASSOCIATED CORPORATIONS

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 (Note)	74.71%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,630,950,000 (Note)	53.56%
	Ulferts International Limited ("Ulferts International")	Interest of spouse	600,000,000 (Note)	75.00%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29%
Mr. Yu King Tin	Emperor W&J	Beneficial owner	80,000	0.001%

Note:

Emperor International, Emperor W&J and Ulferts International are companies with their shares listed on the Stock Exchange. The respective shares were ultimately owned by the AY Trust whose founder is Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

Save as disclosed above, as at 30 September 2018, 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 2018, so far as is known to any Directors or chief executives of the Company, the 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 by the Company under Section 336 of the SFO (“DI Register”) or as otherwise notified to the Company and the Stock Exchange were as follows:

### LONG POSITIONS IN SHARES OF THE COMPANY

Name	Capacity/Nature of interests	Number of issued Shares held	Approximate % holding
Emperor International	Interest in a controlled corporation	851,352,845	66.26%
AY Holdings	Interest in a controlled corporation	851,352,845	66.26%
STC International	Trustee of the AY Trust	851,352,845	66.26%
Dr. Albert Yeung	Founder of the AY Trust	851,352,845	66.26%

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 in which Ms. Semon Luk has deemed interests.

All interests stated above represent long position. As at 30 September 2018, no short positions were recorded in the DI Register.

Save as disclosed above, as at 30 September 2018, the Directors or chief executives of the Company were not aware of any other persons or corporations (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 DI Register or as otherwise notified to the Company and the Stock Exchange.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTIONS

To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group, the Company has adopted a shares option scheme on 15 August 2013. Since then, no share options were granted thereunder.

## CORPORATE GOVERNANCE CODE

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted EEH Securities Code on no less exacting terms than the required standards set out in the Model Code for Securities Transactions of Directors of Listed Issuers (“**Model Code**”) in Appendix 10 of the Listing Rules. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and the EEH Securities Code throughout the Period.

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 during the Period.

## 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 OF INFORMATION OF DIRECTORS

The changes in the Directors’ information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2017/2018 Annual Report are set out below:

On the recommendation of the Remuneration Committee, the Board had reviewed and revised the Directors’ fee with reference to the market rates and the duties and responsibilities undertaken by the Directors with effect from 1 April 2018 as follows:

Executive Directors	– HK\$250,000 per annum
Independent Non-executive Directors	– HK\$220,000 per annum



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

During the Period, the Company repurchased a total of 17,595,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK\$29,339,000 (including the relevant transaction costs and expenses of approximately HK\$96,000). All the repurchased Shares were subsequently cancelled.

Particulars of the repurchases during the Period are as follows:

Months of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
April 2018	1,935,000	1.74	1.65	3,345,800
June 2018	4,855,000	1.72	1.68	8,256,400
July 2018	3,465,000	1.71	1.65	5,838,250
August 2018	7,340,000	1.72	1.59	11,802,650
Total	17,595,000			29,243,100

The repurchases were made with a view to optimise capital structure of the Company and recognise value to its shareholders.

Save as disclosed above, 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, 28 November 2018

As at the date hereof, the Board comprises:

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

This Interim Report (in both English and Chinese versions) is available to any Shareholder either in printed form or on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<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. 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](mailto:is-enquiries@hk.tricorglobal.com).

