



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 2015/2016



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FINANCIAL SUMMARY

	Six months ended 30 September		Changes
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000	
Revenue	873,401	1,053,679	-17.1%
Gross profit	576,735	763,584	-24.5%
EBITDA (after non-controlling interests)	274,134	327,275	-16.2%
EBITDA margin (after non-controlling interests)	31.4%	31.1%	+0.3 pp

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

After years of unprecedented boom, Macau gaming market has undergone a massive correction since the second half of 2014, amid deepening concerns over China’s economy and ongoing austerity initiatives. During the six months ended 30 September 2015 (the “**Period**”), Macau’s gross gaming revenue continued to struggle, and posted a decline of 35.9% year-on-year to MOP111,717 million. Tourist traffic from the mainland, which represents around two-thirds of the total visitor arrivals to Macau, has fallen year-on-year for six straight months during the Period. The appetite for gambling has further dampened in the wake of the recent stock market turmoil and the surprise devaluation of Renminbi.

FINANCIAL REVIEW

Overall Review

During the Period, the Group’s revenue declined moderately to HK\$873.4 million (2014: HK\$1,053.7 million), amid a challenging macro environment in Macau. The Group’s earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) and after non-controlling interests was HK\$274.1 million (2014: HK\$327.3 million). The EBITDA margin after non-controlling interests was 31.4% (2014: 31.1%). Profit for the Period attributable to the owners of the Company was HK\$111.5 million (2014: HK\$263.7 million). Such decline was mainly attributable to: i) a net loss on the hotel property valuation due to the downturn of the Macau property market; ii) an exchange loss on offshore traded Renminbi (“**CNH**”) deposits held by the Group due to abrupt devaluation of Renminbi in August 2015; and iii) a moderate decline of revenue due to economic downturn. Basic earnings per share was HK\$0.09 (2014: HK\$0.20). The board of directors of the Company (the “**Board**” of “**Directors**”) declared an interim dividend of HK\$0.028 (2014: HK\$0.05) 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, supported by its ongoing and stable cash inflows. The Group funded its operations and capital expenditure by cash generated internally from its operations.

As at 30 September 2015, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$3,334.2 million (31 March 2015: HK\$3,094.9 million), which are mainly denominated in Hong Kong dollars, Macau Patacas and CNH. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

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

At the end of the reporting period, the carrying amount of the Group's CNH denominated monetary assets was about 23% of the total assets, which was mainly deposited in the banks to earn higher interest income. Although the Group recorded an exchange loss after non-controlling interests of HK\$47.9 million as a result of the abrupt devaluation of Renminbi during the Period, the impact of such exchange loss was partly mitigated by bank interest income after non-controlling interests of HK\$28.2 million. The Directors keep closely monitoring exposure to foreign exchange risk as well as interest rate risk, and if necessary will take appropriate actions to mitigate these exposures.

Other than as described above, the Group did not experience any significant exposure to foreign exchange rate fluctuations during the Period.

The Group's current assets and current liabilities as at 30 September 2015 were HK\$3,682.8 million and HK\$863.0 million (31 March 2015: HK\$3,506.6 million and HK\$836.3 million), respectively. Advances from non-controlling interests of a subsidiary of the Company amounted to HK\$138.0 million (31 March 2015: HK\$150.0 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\$523.8 million (31 March 2015: HK\$545.9 million), denominated in Hong Kong dollars, is secured and interest bearing at prevailing market rates and has a fixed repayment term. During the Period, the Group partially repaid the advances from non-controlling interests and bank borrowings in aggregate of HK\$34.1 million. As a result, the gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased to 13.3% (31 March 2015: 14.2%) as of 30 September 2015.

Pledge of Assets

As at 30 September 2015, assets with carrying values of approximately HK\$3.8 billion (31 March 2015: HK\$4.9 billion) were pledged to several banks as security for banking facilities, for a total of approximately HK\$2.0 billion (31 March 2015: HK\$3.0 billion) granted to the Group. In addition, the Group has a bank deposit of HK\$0.3 million (31 March 2015: HK\$0.3 million) pledged to a bank as security 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, Grand Emperor Hotel (“**GEH**”) and Inn Hotel Macau (“**IHM**”), in Macau.

GEH, the Group’s flagship project, on the Peninsula, is an award-winning 26-storey gaming hotel 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 the gaming concourse and the VIP room. 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.

IHM is a 17-storey hotel with total gross floor area of approximately 209,000 square feet, and 287 guest rooms. During the Period, refurbishment of IHM was carried out in phases, with upgrading of room furnishings, exterior walls and public areas, to create a more comfortable and contemporary experience for guests. Through extending coverage from the Peninsula to Taipa, the Group can fully capture the potential of Macau’s hospitality market.

Gaming Revenue

The Group’s casino in GEH is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. During the Period, the Group’s gaming revenue declined moderately to HK\$739.9 million (2014: HK\$901.6 million), accounting for 84.7% of the Group’s total revenue. Nevertheless, the Group managed to achieve a growth in revenue from the VIP room, leveraging its strong and loyal premium customer base.

Gaming Concourse

The gross win in the gaming concourse fell to HK\$844.4 million (2014: HK\$1,209.1 million). Revenue from the gaming concourse was HK\$470.5 million (2014: HK\$671.0 million). The segment accounted for 53.9% of the Group’s total revenue, compared with 63.7% in the same period last year. There were 67 tables (2014: 67 tables) in the gaming concourse. Average win per table per day was HK\$69,000 (2014: HK\$99,000).

VIP Room

The Group self-managed a VIP room with 10 tables (2014: 10 tables), with the rolling amount of HK\$10.2 billion (2014: HK\$11.4 billion). Revenue from VIP room grew by 17.5% to HK\$252.2 million (2014: HK\$214.6 million), accounting for 28.9% of the Group’s total revenue. Average win per table per day increased to HK\$243,000 (2014: HK\$207,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Gaming Revenue *(Continued)*

Slot Machines

The segment recorded a gross win of HK\$38.8 million (2014: HK\$36.0 million), with a capacity of 196 slot seats (2014: 200 slot seats). Segmental revenue was HK\$17.2 million (2014: HK\$16.0 million), accounting for 1.9% of the Group's total revenue. Average win per seat per day was HK\$1,100 (2014: HK\$1,020).

Hotel Revenue

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$133.5 million (2014: HK\$152.1 million), accounting for 15.3% of the total revenue.

As of 30 September 2015, GEH and IHM provided 307 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$1,044 per night (2014: HK\$1,292 per night) and HK\$496 per night (2014: HK\$586 per night), with occupancy rates of 86% (2014: 88%) and 90% (2014: 96%), respectively. Combined room revenue was HK\$49.1 million (2014: HK\$64.5 million). Combined revenue from food and beverage was HK\$63.5 million (2014: HK\$65.2 million), while the aggregate amount of rental and other revenue was HK\$20.9 million (2014: HK\$22.4 million).

OUTLOOK

The uncertainties in the macro economy, and the regulatory headwinds towards the gaming market, will continue to pose challenges to all gaming operators in Macau. To minimise the adverse impact under tough market conditions, the Group strives to improve operational efficiency, enhance its competitive edges and promptly respond to market changes. As demonstrated by a modest growth in VIP segment, the Group's core strength lies in its proven capability to achieve high levels of customer satisfaction by offering unique gaming and hospitality experiences to guests. The Group remains committed to reinforcing its competitive edge in providing superior customer services, in order to be well-positioned to capture the full potential once the gaming market rebounds.

In view of a propensity for gambling and rising income levels among Chinese, the Group remains cautiously optimistic about the prospects for tourism and the gaming market in Macau in the long run. The Group continues to seek and evaluate potential expansion opportunities in the city, aiming to drive long-term growth and maximise future returns to shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2015, the Group's number of employees was 1,258 (31 March 2015: 1,244). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$218.6 million (2014: HK\$221.5 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.

To provide incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which are set out in the section headed "Share Options" on pages 31 to 32.

INTERIM DIVIDEND

The Board declared an interim dividend of HK\$0.028 per share ("**Interim Dividend**") for the financial year ending 31 March 2016 (2014/2015: HK\$0.05 per share) amounting to approximately HK\$36,471,000 (2014/2015: HK\$65,127,000). The Interim Dividend will be payable on 17 December 2015 (Thursday) to shareholders whose names appear on the register of members of the Company on 11 December 2015 (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 10 December 2015 (Thursday) to 11 December 2015 (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 9 December 2015 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2015

The Board announces the unaudited condensed consolidated results of the Group for the Period together with the comparative figures for the corresponding period in 2014 as set out below:

	Notes	Six months ended 30 September	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	873,401	1,053,679
Cost of sales		(21,691)	(22,443)
Cost of hotel and gaming operations		(274,975)	(267,652)
Gross profit		576,735	763,584
Other income		45,288	42,012
Fair value changes of investment properties		(10,600)	9,300
Impairment loss on prepaid lease payments		(41,199)	–
Selling and marketing expenses		(176,683)	(252,646)
Administrative expenses		(198,222)	(131,010)
Finance costs	5	(7,319)	(11,727)
Profit before taxation	4&6	188,000	419,513
Taxation	7	(31,662)	(46,137)
Profit and total comprehensive income for the period		156,338	373,376
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		111,546	263,722
Non-controlling interests		44,792	109,654
		156,338	373,376
Earnings per share	9		
Basic		HK\$0.09	HK\$0.20
Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

		As at	
	Notes	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Non-current assets			
Investment properties	10	721,400	732,000
Property, plant and equipment	10	1,432,763	1,465,881
Prepaid lease payments	10	506,695	554,981
Deposits paid for acquisition of property, plant and equipment		2,748	3,564
Goodwill		110,960	110,960
		2,774,566	2,867,386
Current assets			
Inventories, at cost		13,036	14,002
Trade and other receivables	11	320,219	381,071
Prepaid lease payments	10	15,377	16,580
Pledged bank deposits		1,409,511	2,420,870
Short-term bank deposit		19,682	–
Bank balances and cash		1,904,973	674,036
		3,682,798	3,506,559
Current liabilities			
Trade and other payables	12	221,803	211,587
Amounts due to fellow subsidiaries		3,037	5,283
Amounts due to non-controlling interests of a subsidiary		138,000	150,000
Taxation payable		465,034	431,189
Bank borrowings – due within one year		35,100	38,271
		862,974	836,330

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	As at 30 September 2015 (Unaudited) HK\$'000	As at 31 March 2015 (Audited) HK\$'000
Net current assets	2,819,824	2,670,229
Total assets less current liabilities	5,594,390	5,537,615
Non-current liabilities		
Bank borrowings – due after one year	488,700	507,600
Deferred taxation	113,174	115,684
	601,874	623,284
	4,992,516	4,914,331
Capital and reserves		
Share capital	130	130
Reserves	3,334,704	3,301,311
Equity attributable to owners of the Company	3,334,834	3,301,441
Non-controlling interests	1,657,682	1,612,890
	4,992,516	4,914,331

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2015

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Legal reserve	Accumulated profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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
At 1 April 2015	130	436,765	668	8,478	287	2,855,113	3,301,441	1,612,890	4,914,331
Profit and total comprehensive income for the period	-	-	-	-	-	111,546	111,546	44,792	156,338
2015 final dividend paid in cash	-	-	-	-	-	(78,153)	(78,153)	-	(78,153)
At 30 September 2015	130	436,765	668	8,478	287	2,888,506	3,334,834	1,657,682	4,992,516

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2015

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash from operating activities	341,897	536,572
Net cash from investing activities	1,008,533	320,814
Net cash used in financing activities	(119,493)	(491,755)
Net increase in cash and cash equivalents	1,230,937	365,631
Cash and cash equivalents at the beginning of the period	674,036	410,329
Cash and cash equivalents at the end of the period	1,904,973	775,960
Analysis of balance of cash and cash equivalents at the end of the period, representing bank balances and cash	1,904,973	775,960

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 investment properties which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies used in the unaudited 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 2015, except as described below.

In the Period, the Group has adopted the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) (hereinafter collectively referred to as the “**revised HKFRSs**”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2015.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycles
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycles
Amendments to HKAS 19	Defined benefit plans: Employee contributions

The application of the above revised HKFRSs during the Period has had no material impact on the Group’s financial performance and position for the current period and/or on the disclosures set out in the unaudited 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 2015

3. REVENUE

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

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Service income from gaming operation in mass market hall	470,431	671,019
Service income from gaming operation in VIP room	252,218	214,568
Service income from gaming operation in slot machine hall	17,214	16,030
Hotel room income	49,090	64,491
Food and beverage sales	63,500	65,184
Rental income from investment properties	15,881	14,053
Others	5,067	8,334
	873,401	1,053,679

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 Inn Hotel Macau (formerly known as Best Western Hotel Taipa) in Macau including property investment income from investment properties in these hotels |

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, fair value changes of investment properties and impairment loss on prepaid lease payments (the “**Adjusted EBITDA**”).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION *(Continued)*

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

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2015

	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	739,863	133,538	873,401	-	873,401
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	739,863	134,949	874,812	(1,411)	873,401
Segment result based on the Adjusted EBITDA	339,933	61,625	401,558		401,558
Bank interest income					42,982
Depreciation of property, plant and equipment					(75,972)
Exchange loss at corporate level					(73,398)
Release of prepaid lease payments					(8,290)
Fair value changes of investment properties					(10,600)
Impairment loss on prepaid lease payments					(41,199)
Finance costs					(7,319)
Unallocated corporate expenses					(39,762)
Profit before taxation					188,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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 of investment properties					9,300
Finance costs					(11,727)
Unallocated corporate expenses					(47,750)
Profit before taxation					419,513

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 2015

5. FINANCE COSTS

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on:		
– bank borrowings not wholly repayable within five year	7,251	3,428
– bank borrowings wholly repayable within one year	–	2,180
– other borrowings wholly repayable within one year	–	4,229
	7,251	9,837
Bank charges	68	1,890
	7,319	11,727

6. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	144,599	214,424
Depreciation of property, plant and equipment	75,972	71,386
Exchange loss	73,398	1,645
Loss on disposal of property, plant and equipment	76	1,770
Release of prepaid lease payments	8,290	8,290
and after crediting:		
Bank interest income	42,982	34,934

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

7. TAXATION

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax:		
Macau Complementary Income Tax	34,172	46,398
Deferred taxation	(2,510)	(261)
	31,662	46,137

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 both periods as the estimated assessable profit is wholly absorbed by tax losses brought forward.

8. DIVIDENDS

A dividend of HK\$0.06 per share with an aggregate amount of approximately HK\$78,153,000 was paid to the shareholders of the Company (“Shareholders”) during the Period as the final dividend of 2014/2015. A dividend of HK\$0.075 per share with an aggregate amount of approximately HK\$97,691,000 was paid to the Shareholders during the corresponding period in 2014 as the final dividend of 2013/2014.

The Board has resolved to declare an interim dividend of HK\$0.028 per share for the financial year ending 31 March 2016 (2014/2015: HK\$0.05 per share) amounting to approximately HK\$36,471,000 (2014/2015: HK\$65,127,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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	
	2015 (Unaudited) HK\$'000	2014 (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	111,546	263,722

	Six months ended 30 September	
	2015 (Unaudited)	2014 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,302,545,983	1,302,545,983
Effect of dilutive potential ordinary shares: Share options	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	N/A	N/A

Diluted earnings per share has not been presented as the Company has no dilutive potential ordinary share for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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:

FAIR VALUE/CARRYING AMOUNTS	Investment properties (Unaudited) HK\$'000	Property, plant and equipment (Unaudited) HK\$'000	Prepaid lease payments (Unaudited) HK\$'000
At 1 April 2015	732,000	1,465,881	571,561
Additions	–	42,930	–
Disposals	–	(76)	–
Depreciation for the Period	–	(75,972)	–
Release for the Period	–	–	(8,290)
Impairment loss recognised	–	–	(41,199)
Decrease in fair value	(10,600)	–	–
At 30 September 2015	721,400	1,432,763	522,072

The fair values of the Group's investment properties as at 30 September 2015 have been arrived at on the basis of a valuation carried out on those 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 (2012 Edition) issued by the Hong Kong Institute of Surveyors. As at 30 September 2015, 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.

Due to the downturn of the Macau property market, the Group has recognised a decrease in fair value of investment properties of HK\$10,600,000 and an impairment loss on prepaid lease payments of HK\$41,199,000 for the Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade receivables	179,991	233,798
Less: Allowance for doubtful debts	(42,956)	(42,186)
	137,035	191,612
Chips on hand	141,509	135,386
Other receivables and prepayments	41,675	54,073
	320,219	381,071

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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
0 – 30 days	117,708	170,541
31 – 60 days	2,580	5,881
61 – 90 days	678	834
91 – 180 days	3,379	856
Over 180 days	12,690	13,500
	137,035	191,612

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 2015

12. TRADE AND OTHER PAYABLES

	As at	
	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Trade payables	16,988	18,974
Construction payables and accruals	25,229	18,517
Other payables and accruals	161,586	156,096
Short-term advance	18,000	18,000
	221,803	211,587

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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
0 – 30 days	9,058	8,326
31 – 60 days	7,523	8,459
61 – 90 days	337	1,999
91 – 180 days	62	181
Over 180 days	8	9
	16,988	18,974

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

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 end of each reporting period approximate their corresponding fair values.

14. COMMITMENTS

	As at	
	30 September 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Authorised but not contracted for in respect of property, plant and equipment	36,794	36,794
Contracted for but not provided in the condensed consolidated financial statements, net of deposits paid, in respect of property, plant and equipment	90,017	130,862
	126,811	167,656

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

15. PLEDGE OF ASSETS

- (a) As at 30 September 2015, 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 2015 (Unaudited) HK\$'000	31 March 2015 (Audited) HK\$'000
Bank deposits	1,409,188	2,420,549
Hotel properties	1,048,069	1,064,814
Investment properties	721,400	732,000
Prepaid lease payments	522,072	571,561
Others (<i>note</i>)	108,406	74,078
	3,809,135	4,863,002

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 also had a bank deposit of HK\$323,000 (31 March 2015: HK\$321,000) pledged to a 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 2015

16. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Advertising expenses to related companies	54	183
Commission to Dr. Yeung Sau Shing, Albert (" Dr. Albert Yeung "), in the capacity of a patron of the Group's VIP room	361	1,365
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	186	219
Reimbursement of administrative expenses to fellow subsidiaries	5,847	5,299
Rental income from a related company	3,073	3,068

Note: The related companies are companies controlled by Albert Yeung Holdings Limited ("**AY Holdings**") which is the ultimate holding company of the Company. AY Holdings is held by STC International Limited ("**STC International**"), being the trustee of The Albert Yeung Discretionary Trust ("**AY Trust**"), of which Dr. Albert Yeung, the spouse of Ms. Luk Siu Man, Semon ("**Ms. Semon Man**"), the Chairperson of the Company, is the founder.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2015

16. RELATED PARTY TRANSACTIONS *(Continued)*

- (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	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Fees	421	420

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

As at 30 September 2015, 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 and the Company’s own code of conduct regarding securities transactions by Directors (“**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. Semon Luk	Interest of spouse	816,287,845 (Note)	62.67%

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 2015, 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 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 (Note 1)	74.71%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,617,860,000 (Note 1)	52.57%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,769,475	0.29%
Mr. Yu King Tin	Emperor W&J	Beneficial owner	80,000	0.001%

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Amount of debentures held
Ms. Semon Luk	Emperor International	Interest of spouse	HK\$270,000,000 (Note 2)

Notes:

- Emperor International and Emperor W&J 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.
- These debentures 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 interest in the same debentures of Emperor International.

Save as disclosed above, as at 30 September 2015, 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 2015, 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	816,287,845	62.67%
AY Holdings	Interest in a controlled corporation	816,287,845	62.67%
STC International	Trustee of the AY Trust	816,287,845	62.67%
Dr. Albert Yeung	Founder of the AY Trust	816,287,845	62.67%

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 2015, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 September 2015, 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 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 Company has adopted a shares option scheme (the “Scheme”) on 15 August 2013. The major terms of the Scheme are summarized as follows:

1. **Purpose of the Scheme:** To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group.
2. **Eligibility:** Eligible participants include employees (whether full time or part time employee, including non-executive Director) and such other eligible participants.
3. (a) **Total number of Shares available for issue under the Scheme:** as at 24 June 2015 (i.e. the date of the last Annual Report) and as at 18 November 2015 (i.e. the date of this Interim Report): 129,254,598 Shares
(b) **Percentage of the issued shares** that it represents as at 24 June 2015 and 18 November 2015: 9.92%
4. **Maximum entitlement of each eligible participant** under the Scheme:
 - (a) not to exceed 1% of the Shares in issue in any 12-month period unless approved by the Shareholders;
 - (b) options granted to substantial shareholders or Independent Non-executive Directors or their respective associates in any one year exceeding the higher of 0.1% of the Shares in issue and with a value in excess of HK\$5,000,000 must be approved by the Shareholders.
5. **Period within which the Shares must be taken up under an option:** At any time from the date of grant of the option to such a date determined by the Board but in any event not exceeding 10 years from the date of grant.
6. **Minimum period for which an option must be held before it can be exercised:** No minimum period unless otherwise determined by the Board.

SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS *(Continued)*

7. (a) **Price** payable on application or acceptance of the option: HK\$1.00;
 - (b) The period within which **payments or calls** must or may be made: Within 28 days from the date of grant;
 - (c) Period within which **loans** for such purposes of the payments or calls must be **repaid**: Not applicable.
8. **Basis for determining the exercise price:**
- The exercise price is determined by the Board and will not be less than the highest of (a) the closing price of the Share on the date of grant; (b) the average closing price of the Shares for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share.
9. **The remaining life of the Scheme:** Approximately 8 years (expiring on 14 August 2023).

No option has been granted since the adoption date of the Scheme.

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

During the Period, the Company had adopted EEH Securities Code on no less exacting terms than the required standards set out in the Model Code. 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 the Company's written guidelines in line with the Model Code. No incident of non-compliance by relevant employee was noted during the Period.

We continue to comply with our policy on inside information in compliance with our obligation under the SFO and the Listing Rules.

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.

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to the requirements of Rules 13.51B(1) of the Listing Rules, the changes in Directors' information since the date of the 2014/2015 Annual Report are set out below:-

Change of Directors and position held with board committees of the Company

Name/Positions	Appointment Date	Cessation Date
Ms. Wan Choi Ha (" Ms. Noven Wan ") – Independent Non-executive Director, Chairperson of Nomination Committee, member of Audit Committee and Corporate Governance Committee	–	18 August 2015
Ms. Kwan Shin Luen, Susanna (" Ms. Susanna Kwan ") – Independent Non-executive Director, Chairperson of Nomination Committee, member of Audit Committee and Corporate Governance Committee	18 August 2015	–

Note: Ms. Noven Wan retired by rotation as Director upon conclusion of the annual general meeting of the Company held on 18 August 2015 ("**AGM**"). Ms. Susanna Kwan was elected by the Shareholders at the AGM as Director to fill the casual vacancy created by Ms. Noven Wan upon conclusion of the AGM.

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, 18 November 2015

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

Mr. Yu King Tin

Ms. Kwan Shin Luen, Susanna

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. 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.