



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 >

2017/2018

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2017/2018

FINANCIAL SUMMARY

Six months ended 30 September			
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000	Changes
Revenue	702,122	784,502	- 10.5%
Profit attributable to owners of the Company	118,609	105,145	+ 12.8%
Basic earnings per share	HK\$0.09	HK\$0.08	+ 12.5%
Interim dividend per share	HK\$0.026	HK\$0.025	+ 4.0%



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 2017 (the “**Period**”), Macau’s gross gaming revenue recorded growth of 21.8% to MOP129.9 billion. The rebound in Macau’s gaming market is largely driven by an expansion in overall gaming capacity on Cotai. Since 2015, several large-scale development projects embarked by gaming concessionaires have commenced operations on Cotai. With a raft of new gaming offerings and family-friendly recreations, the new establishments have attracted leisure travellers, who are typically mass-market players. The market share of gaming on Macau Peninsula, especially in the mass segment, was diluted by the competition from new properties on Cotai.

FINANCIAL REVIEW

Overall Review

With incremental capacity added on Cotai, the Group was inevitably affected and revenue declined to HK\$702.1 million (2016: HK\$784.5 million). Profit for the Period attributable to the owners of the Company increased by 12.8% to HK\$118.6 million (2016: HK\$105.1 million). Such increase was mainly due to a decrease in selling and marketing expenses, as well as an exchange gain and a revaluation gain recognised during the Period, as compared to an exchange loss and a revaluation loss in the same period last year. Basic earnings per share was HK\$0.09 (2016: HK\$0.08). The board of directors of the Company (the “**Board**” or the “**Directors**”) declared an interim dividend of HK\$0.026 (2016: HK\$0.025) 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 2017, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposit of the Group amounted to HK\$4,092.0 million (31 March 2017: HK\$3,962.2 million), which are mainly denominated in Hong Kong dollars and Macau Patacas. The Group did not experience any significant exposure to foreign exchange rate fluctuation during the Period.



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 2017 were HK\$4,386.2 million (31 March 2017: HK\$4,279.1 million) and HK\$836.3 million (31 March 2017: HK\$817.6 million), respectively. Advances from non-controlling interests of a subsidiary of the Company amounted to HK\$112.8 million (31 March 2017: HK\$120.8 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 borrowing of HK\$448.2 million (31 March 2017: HK\$469.8 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 borrowing in aggregate of HK\$29.6 million. As a result, the gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased to 10.1% (31 March 2017: 10.8%) as of 30 September 2017.

Pledge of Assets

As at 30 September 2017, assets with carrying values of approximately HK\$2.3 billion (31 March 2017: HK\$2.3 billion) were pledged to several banks as security for banking facilities, for a total of approximately HK\$548.2 million (31 March 2017: HK\$569.8 million) granted to the Group. In addition, the Group has a bank deposit of HK\$0.3 million (31 March 2017: 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.

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 Macau Peninsula, is an award-winning 26-storey gaming hotel with a gross floor area of approximately 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. 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 the 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 Sociedade de Jogos de Macau, S.A. The introduction of other casino resorts in Cotai has resulted in market share dilution on the Macau Peninsula, where the Group's casino complex is located. Facing keen competition from the new casino resorts, the Group strived to mitigate the impact by improving customer segmentation. Leveraging its dedicated customer service team, the Group also strengthened efforts to create customer-centric experiences that build loyalty and engagement of high-roller gamblers. During the Period, the Group recorded gaming revenue of HK\$586.6 million (2016: HK\$657.6 million).

Gaming Concourse

The gross win in the gaming concourse declined to HK\$626.5 million (2016: HK\$726.3 million) and revenue from the gaming concourse fell to HK\$350.6 million (2016: HK\$405.4 million), accounting for 49.9% of the Group's total revenue. There were 67 (2016: 67) tables in the gaming concourse. Average win per table per day was HK\$51,000 (2016: HK\$59,000).

VIP Room

The Group self-managed a VIP room with 10 (2016: 10) tables. The rolling amount was HK\$10.4 billion (2016: HK\$13.2 billion). Revenue from the VIP room was HK\$217.9 million (2016: HK\$232.6 million), accounting for 31.0% of the Group's total revenue. Average win per table per day was HK\$210,000 (2016: HK\$224,000).

Slot Machines

With a capacity of 155 (2016: 186) slot seats, the gross win from slot machines was HK\$38.1 million (2016: HK\$41.2 million). Segmental revenue was HK\$18.1 million (2016: HK\$19.6 million), accounting for 2.6% of the Group's total revenue. Average win per seat per day increased to HK\$1,339 (2016: HK\$1,209).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Hotel Revenue

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$115.5 million (2016: HK\$126.9 million), accounting for 16.5% of the total revenue.

As of 30 September 2017, GEH and IHM provided 307 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$833 (2016: HK\$800) per night and HK\$441 (2016: HK\$383) per night, with occupancy rates of 91% (2016: 92%) and 94% (2016: 95%), respectively. Combined room revenue was HK\$46.1 million (2016: HK\$48.7 million). Combined revenue from food and beverage was HK\$53.8 million (2016: HK\$61.6 million), while the aggregate amount of rental and other revenue was HK\$15.6 million (2016: HK\$16.6 million).

OUTLOOK

In view of intensified competition in Macau and other countries, the Group continuously enhances its overall efficiency and strengthens its market position through capitalising on its competitive edges, including a strong network of quality customers and outstanding customer service. In response to market conditions, the Group actively manages customer segmentation and focuses on the segment which offers the greatest potential for growth, in order to maximise its profitability. Meanwhile, the Group retains an active base of customers and ensures long-term satisfaction and loyalty by delivering compelling experiences that are tailored to individual customers.

The industry's recovery is gaining momentum, with gaming receipts witnessing year-on-year growth for 15 consecutive months in October 2017. Upon the completion of large-scale tourism projects, along with government initiatives to boost infrastructure development, Macau's position as a global leisure and tourism hub will be further reinforced. On the demand side, sustained growth in Macau's gaming market is expected, on the back of the increase in numbers of Chinese outbound travellers, which is largely driven by the expanding wealth effect and the rise of China's middle class. The Group is optimistic regarding growth prospects for Macau's gaming market, and is actively reviewing growth strategies and value-creating opportunities in Macau.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2017, the Group's number of employee was 1,195 (31 March 2017: 1,196). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$216.4 million (2016: HK\$218.9 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 will be set out in the section headed "Share Options" on page 31.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.026 per share ("**Interim Dividend**") (2016: HK\$0.025 per share) amounting to approximately HK\$33,866,000 (2016: HK\$32,564,000). The Interim Dividend will be payable on 21 December 2017 (Thursday) to shareholders whose names appear on the register of members of the Company on 15 December 2017 (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 14 December 2017 (Thursday) to 15 December 2017 (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 13 December 2017 (Wednesday).



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

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 2016 as set out below:

		Six months ended 30 September	
	Notes	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	702,122	784,502
Cost of sales		(18,497)	(21,752)
Cost of hotel and gaming operations		(253,844)	(263,163)
Gross profit		429,781	499,587
Other income		20,242	20,042
Fair value changes of investment properties		22,400	(24,000)
Other gain (losses)	5	464	(29,632)
Selling and marketing expenses		(150,030)	(200,910)
Administrative expenses		(128,247)	(118,881)
Finance costs	6	(7,307)	(7,217)
Profit before taxation	4&7	187,303	138,989
Taxation	8	(22,928)	(18,027)
Profit for the period		164,375	120,962



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2017

		Six months ended 30 September	
	Note	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Other comprehensive income (expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties		–	30,500
Deferred tax on revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties		–	(3,660)
Other comprehensive income for the period		–	26,840
Total comprehensive income for the period		164,375	147,802
Profit for the period attributable to:			
Owners of the Company		118,609	105,145
Non-controlling interests		45,766	15,817
		164,375	120,962
Total comprehensive income for the period attributable to:			
Owners of the Company		118,609	121,249
Non-controlling interests		45,766	26,553
		164,375	147,802
Earnings per share			
Basic	10	HK\$0.09	HK\$0.08

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

		As at	
	Notes	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Non-current assets			
Investment properties	11	648,600	626,200
Property, plant and equipment	11	1,280,513	1,327,753
Prepaid lease payments	11	472,752	480,603
Deposits paid for acquisition of property, plant and equipment		14,413	2,698
Goodwill		110,960	110,960
		2,527,238	2,548,214
Current assets			
Inventories, at cost		13,148	13,619
Trade and other receivables	12	265,341	287,631
Prepaid lease payments	11	15,703	15,711
Pledged bank deposit		332	329
Short-term bank deposits		1,502,657	2,822
Bank balances and cash		2,589,024	3,959,005
		4,386,205	4,279,117
Current liabilities			
Trade and other payables	13	216,636	212,626
Amounts due to fellow subsidiaries		2,740	4,092
Amounts due to non-controlling interests of a subsidiary		112,800	120,800
Taxation payable		458,217	436,884
Bank borrowing – due within one year		45,900	43,200
		836,293	817,602
Net current assets		3,549,912	3,461,515
Total assets less current liabilities		6,077,150	6,009,729



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2017

	As at	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Non-current liabilities		
Bank borrowing – due after one year	402,300	426,600
Deferred taxation	106,145	104,554
	508,445	531,154
	5,568,705	5,478,575
Capital and reserves		
Share capital	130	130
Reserves	3,749,573	3,705,209
Equity attributable to owners of the Company	3,749,703	3,705,339
Non-controlling interests	1,819,002	1,773,236
	5,568,705	5,478,575



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2017

Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Legal reserve	Accumulated profits	Total	Non-controlling interests	Total equity
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
At 1 April 2016 (Audited)	130	436,765	668	8,478	287	2,996,713	3,443,041	1,680,340	5,123,381
Profit for the period	-	-	-	-	-	105,145	105,145	15,817	120,962
Revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties	-	-	-	18,300	-	-	18,300	12,200	30,500
Deferred tax on revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties	-	-	-	(2,196)	-	-	(2,196)	(1,464)	(3,660)
Total comprehensive income for the period	-	-	-	16,104	-	105,145	121,249	26,553	147,802
2016 final dividend paid in cash	-	-	-	-	-	(67,732)	(67,732)	-	(67,732)
At 30 September 2016 (Unaudited)	130	436,765	668	24,582	287	3,034,126	3,496,558	1,706,893	5,203,451
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



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash from operating activities	248,785	240,735
Net cash (used in) from investing activities*	(1,507,226)	714,018
Net cash used in financing activities	(111,540)	(99,719)
Net (decrease) increase in cash and cash equivalents	(1,369,981)	855,034
Cash and cash equivalents at the beginning of the reporting period	3,959,005	2,851,246
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	2,589,024	3,706,280
* Net cash (used in) from investing activities represents:		
(Increase) decrease in short-term bank deposits	(1,499,835)	39,031
(Increase) decrease in pledged bank deposits	(3)	655,390
Other investing activities	(7,388)	19,597
	(1,507,226)	714,018



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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 2017.

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

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 and services.

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 2017, except as described below.

In the Period, the Group has adopted, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2017.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 cycles



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

The application of the above amendments to HKFRSs in the Period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements, but additional disclosure about changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes on application of amendment to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

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.

3. REVENUE

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Service income from gaming operation in mass market hall	350,585	405,462
Service income from gaming operation in VIP room	217,913	232,554
Service income from gaming operation in slot machine hall	18,082	19,578
Hotel room income	46,095	48,708
Food and beverage sales	53,834	61,609
Rental income from investment properties	11,122	11,993
Others	4,491	4,598
	702,122	784,502

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

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 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 GEH in Macau
- Hotel operation – Hotel operation in GEH and IHM 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 gain (loss) at corporate level 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 2017

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

Segment revenue and results

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
SEGMENT REVENUE					
External revenue	586,580	115,542	702,122	–	702,122
Inter-segment revenue	–	811	811	(811)	–
Total	586,580	116,353	702,933	(811)	702,122
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 costs					(7,307)
Profit before taxation					187,303



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 September 2016

	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	657,594	126,908	784,502	–	784,502
Inter-segment revenue	–	1,411	1,411	(1,411)	–
Total	657,594	128,319	785,913	(1,411)	784,502
Segment result based on the Adjusted EBITDA	207,489	33,618	241,107		241,107
Bank interest income					18,269
Depreciation of property, plant and equipment					(64,973)
Exchange loss at corporate level					(16,632)
Release of prepaid lease payments					(7,565)
Fair value changes of investment properties					(24,000)
Finance costs					(7,217)
Profit before taxation					138,989

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 2017

5. OTHER GAIN (LOSSES)

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Exchange gain (loss)	464	(16,632)
Loss arising from misappropriation of funds (<i>note</i>)	–	(13,000)
	464	(29,632)

Note:

During the six months ended 30 September 2016, the Group was aware that an ex-senior casino cashier of a subsidiary of the Company in Macau had embezzled some of the chips on hand (“**Misappropriation of Funds**”) of the Group. The matter was reported to The Inspectorate of Macao Judiciary Police and the ex-senior casino cashier was arrested for criminal investigation. The court judgement had been obtained and the person had pleaded guilty and is now in prison.

The loss arising from the Misappropriation of Funds amounting to HK\$13,000,000 was charged to the unaudited condensed consolidated statement of profit or loss in 2016.

6. FINANCE COSTS

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Interest on bank borrowing	7,307	7,191
Bank loan arrangement fee	–	26
	7,307	7,217

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	122,284	166,220
Depreciation of property, plant and equipment	58,158	64,973
Loss on disposal of property, plant and equipment	157	20
Release of prepaid lease payments	7,859	7,565
and after crediting:		
Bank interest income	18,551	18,269

8. TAXATION

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Macau Complementary Income Tax		
– current tax	21,337	21,780
Deferred taxation	1,591	(3,753)
	22,928	18,027

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 unaudited condensed consolidated financial statements in both periods as the estimated assessable profits for both periods are wholly absorbed by tax losses brought forward in previous years.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

9. DIVIDENDS

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 Period as the final dividend of 2016/2017. A dividend of HK\$0.052 per share with an aggregate amount of approximately HK\$67,732,000 was paid to the shareholders of the Company during the corresponding period in 2016 as the final dividend of 2015/2016.

The Board has declared an interim dividend of HK\$0.026 (2016: HK\$0.025) per share amounting to approximately HK\$33,866,000 (2016: HK\$32,564,000).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Earnings		
Earnings (profit for the period attributable to owners of the Company) for the purpose of basic earnings per share	118,609	105,145

	Six months ended 30 September	
	2017 (Unaudited)	2016 (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

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 2017

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
FAIR VALUE/ CARRYING AMOUNTS			
At 1 April 2017	626,200	1,327,753	496,314
Additions	–	11,115	–
Disposals	–	(197)	–
Depreciation for the Period	–	(58,158)	–
Release for the Period	–	–	(7,859)
Increase in fair value	22,400	–	–
At 30 September 2017	648,600	1,280,513	488,455

The fair value of the Group's investment properties as at 30 September 2017 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 (2012 Edition) issued by the Hong Kong Institute of Surveyors.

As at 30 September 2017, 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\$22,400,000 (2016: a decrease of HK\$24,000,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

12. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Trade receivables	162,352	179,514
Less: Allowance for doubtful debts	(31,009)	(31,009)
	131,343	148,505
Chips on hand	114,276	121,245
Other receivables and prepayments	19,722	17,881
	265,341	287,631

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 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
0 – 30 days	112,327	126,155
31 – 60 days	1,115	3,951
61 – 90 days	952	595
91 – 180 days	1,784	3,293
Over 180 days	15,165	14,511
	131,343	148,505

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 2017

13. TRADE AND OTHER PAYABLES

	As at	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Trade payables	12,981	17,108
Chips in custody and deposits from gaming patrons	33,171	39,396
Construction payables and accruals	12,395	12,798
Other payables and accruals	91,244	93,096
Accrued staff costs	48,845	32,228
Short-term advance	18,000	18,000
	216,636	212,626

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 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
0 – 30 days	6,438	7,464
31 – 60 days	6,166	7,137
61 – 90 days	122	2,255
91 – 180 days	211	236
Over 180 days	44	16
	12,981	17,108

14. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values 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 2017

15. CAPITAL COMMITMENTS

	As at	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (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	96,230	93,290

16. PLEDGE OF ASSETS

- (a) As at 30 September 2017, 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 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Hotel properties	1,031,366	1,049,001
Investment properties	648,600	626,200
Prepaid lease payments	488,455	496,314
Others (<i>note</i>)	94,808	97,828
	2,263,229	2,269,343

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\$332,000 (31 March 2017: HK\$329,000) 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 2017

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Commission to Dr. Yeung Sau Shing, Albert (" Dr. Albert Yeung "), in his capacity of a patron of the Group's VIP room	295	597
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	1,002	144
Reimbursement of administrative expenses to fellow subsidiaries	4,752	5,481
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**") of which Dr. Albert Yeung is the founder.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

17. RELATED PARTY TRANSACTIONS (Continued)

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

	Six months ended 30 September	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Fees	420	421

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

	As at	
	30 September 2017 (Unaudited) HK\$'000	31 March 2017 (Audited) HK\$'000
Amounts due to fellow subsidiaries	2,740	4,092
Amounts due to non-controlling interests of a subsidiary	112,800	120,800



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

As at 30 September 2017, 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 (“Semon Luk”)	Interest of spouse	847,692,845 (Note)	65.08%

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 2017, 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 ASSOCIATED CORPORATIONS

Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Number of interests	Nature of issued ordinary shares held	Approximate % holding
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,610,489 <i>(Note)</i>	74.71%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,617,860,000 <i>(Note)</i>	52.57%
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 and Emperor W&J 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 2017, 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 2017, 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 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	847,692,845	65.08%
AY Holdings	Interest in a controlled corporation	847,692,845	65.08%
STC International	Trustee of the AY Trust	847,692,845	65.08%
Dr. Albert Yeung	Founder of the AY Trust	847,692,845	65.08%

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 2017, no short positions were recorded in the DI Register.

Save as disclosed above, as at 30 September 2017, 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.



SHARE OPTIONS 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.

CHANGE OF INFORMATION OF DIRECTORS

The Company is not aware of any 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 2016/2017 Annual Report.



SHARE OPTIONS AND OTHER INFORMATION

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

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

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

Hong Kong, 22 November 2017

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: 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.

