



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 2019/2020



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FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Changes
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000	
Revenue	677,931	665,588	+ 1.9%
Gaming revenue	559,549	546,677	+ 2.4%
— From Gaming concourse	378,273	309,754	+ 22.1%
— From VIP room	160,263	217,352	- 26.3%
Hotel revenue	118,382	118,911	- 0.4%
Gross profit	408,052	400,165	+ 2.0%
Profit attributable to owners of the Company	177,200	128,942	+ 37.4%
Basic earnings per share	HK\$0.14	HK\$0.10	+ 40.0%
Interim dividend per share	HK\$0.030	HK\$0.028	+ 7.1%



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

Boosted by the opening of the Hong Kong-Zhuhai-Macau Bridge, visitor arrivals to Macau during the six months ended 30 September 2019 (the “**Period**”) were 19.8 million, up 14.9% year-on-year, with both overnight and same-day visitors exhibiting healthy growth. The improved infrastructure and transportation network as well as development of Cotai, have altogether contributed to the growth of Macau tourism.

Nevertheless, the volatile global economic environment and greater competition among the casinos in Asia-Pacific resulted in a mild downward adjustment of the Macau’s gross gaming revenue, which decreased by 2.3% year-on-year, to MOP144.1 billion, during the Period. With the additional capacity in Cotai, market sharing in Macau Peninsula, the city’s traditional gaming zone, has been inevitably weakened.

FINANCIAL REVIEW

Overall Review

During the Period, the Group’s revenue increased to HK\$677.9 million (2018: HK\$665.6 million). The Group’s gaming business continued to be the major revenue contributor, and its revenue increased slightly to HK\$559.5 million (2018: HK\$546.7 million), accounting for 82.5% (2018: 82.1%) of the total revenue. Profit for the Period attributable to the owners of the Company saw a notable growth of 37.4% to HK\$177.2 million (2018: HK\$128.9 million). Such increase was mainly due to the Group’s increased shareholding from 60% to 80% in a non-wholly owned subsidiary. Basic earnings per share were HK\$0.14 (2018: HK\$0.10). The board of directors of the Company (the “**Board**” or the “**Directors**”) has resolved to declare an interim dividend of HK\$0.030 (2018: HK\$0.028) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

Capital Structure, Liquidity and Financial Resources

The Group continued to maintain a strong cash position and a healthy financial position, supported by its ongoing, stable cash inflows. The Group funded its operations and capital expenditure by cash generated internally from its operations. In order to enhance the yield of its cash reserves, the Group invested in certain listed corporate bonds, with carrying value of HK\$456.8 million as of 30 September 2019 (31 March 2019: HK\$468.8 million). These listed corporate bonds are denominated in United States dollar and Renminbi, with a maturity period of less than 3 years. As at 30 September 2019, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$3,153.2 million (31 March 2019: HK\$2,982.8 million), which are mainly denominated in Hong Kong dollar, United States dollar and Macau Patacas. The Group's foreign exchange exposure risk mainly arises from its assets denominated in Renminbi. The Group closely monitors its overall foreign exchange exposure, and will consider adopting appropriate measures to mitigate its currency risk when necessary.

The Group's current assets and current liabilities as at 30 September 2019 were HK\$3,495.8 million (31 March 2019: HK\$3,355.4 million) and HK\$599.1 million (31 March 2019: HK\$561.8 million), respectively. As at 30 September 2019, the advances from non-controlling interests of a subsidiary of the Company amounted to HK\$41.0 million (31 March 2019: HK\$46.2 million), which was denominated in Hong Kong dollar, unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. The Group was in a net cash position as at 30 September 2019 and hence its gearing ratio (calculated as net debt divided by total equity plus net debt) was zero (31 March 2019: zero).

During the Period, the Company had repurchased 19,835,000 shares of its own shares from the market using internal resources, at an aggregate consideration of HK\$31.8 million, and an average price of HK\$1.597 per share (the "**Repurchased Shares**"). The Repurchased Shares had been cancelled subsequent to the end of the Period, and hence the total number of issued shares of the Company right after its cancellation was reduced by about 1.6% to 1,238,990,983 (31 March 2019: 1,258,825,983) shares and its issued share capital was HK\$124,000 (31 March 2019: HK\$126,000). Having considered the Group's cash reserves, the Directors believe the share repurchases would enhance value to the Company's shareholders and benefit the Company and its shareholders as a whole.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

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

Subsequent to the end of the Period, the Company further repurchased 4,020,000 shares of its own shares from the market, likewise from internal resources, at an aggregate consideration of HK\$6.1 million and an average price of HK\$1.516 per share. These further repurchased shares were subsequently cancelled.

Pledge of Assets

As at 30 September 2019, assets with carrying values of approximately HK\$2.2 billion (31 March 2019: HK\$2.2 billion) were pledged to several banks as security for banking facilities, for a total of HK\$520.0 million (31 March 2019: HK\$520.0 million) granted to the Group. In addition, the Group has bank deposits of HK\$45.0 million (31 March 2019: HK\$44.0 million) pledged to banks as security for: i) obtaining a bank guarantee in the 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 which a third party provided 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 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 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 a comfortable experience, catering to the lifestyles of both leisure and business travellers. Through extending coverage from the 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 increased slightly to HK\$559.5 million (2018: HK\$546.7 million). With the organic expansion of mass gaming market and enhanced customer services, the Group's revenue from the gaming concourse increased by 22.1% during the Period.

Gaming Concourse

The gross win in the gaming concourse increased to HK\$676.9 million (2018: HK\$552.3 million). Revenue from the gaming concourse was up by 22.1% to HK\$378.3 million (2018: HK\$309.8 million), accounting for 67.6% (2018: 56.7%) of the Group's total gaming revenue. There were 67 (2018: 67) tables in the gaming concourse. Average win per table per day rose to HK\$55,000 (2018: HK\$45,000).

VIP Room

The Group self-managed a VIP room with 10 (2018: 10) tables. The rolling amount during the Period was HK\$6.2 billion (2018: HK\$9.7 billion). Revenue from the VIP room decreased by 26.3% to HK\$160.2 million (2018: HK\$217.4 million), accounting for 28.6% (2018: 39.8%) of the Group's total gaming revenue. Average win per table per day was HK\$154,000 (2018: HK\$209,000).

Slot Machines

With a capacity of 180 (2018: 158) slot seats as at 30 September 2019, the gross win from slot machines increased to HK\$44.2 million (2018: HK\$41.2 million). Revenue from the slot machines increased to HK\$21.0 million (2018: HK\$19.5 million), accounting for 3.8% (2018: 3.5%) of the Group's total gaming revenue. Average win per seat per day was HK\$1,354 (2018: HK\$1,332).



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 remained steady at HK\$118.4 million (2018: HK\$118.9 million), accounting for 17.5% (2018: 17.9%) of the Group's total revenue. This moderation in hotel revenue was due to the more cautious consumption sentiment amid various external uncertainties and weaker yuan. As of 30 September 2019, GEH and IHM provided 311 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$846 (2018: HK\$884) per night and HK\$520 (2018: HK\$499) per night, with occupancy rates of 94% (2018: 93%) and 93% (2018: 93%), respectively. Combined room revenue was HK\$50.5 million (2018: HK\$49.9 million). Combined revenue from food and beverage was HK\$54.7 million (2018: HK\$54.5 million), while the aggregate amount of rental income and other revenue was HK\$13.2 million (2018: HK\$14.5 million).

OUTLOOK

In light of the expanding middle class and more comprehensive transportation network, it is anticipated that the number of tourists from the mainland China will continue to grow. The Group remains optimistic about the long term outlook for Macau's gaming market. With the development of tourism in Hengqin of China, Macau is designated as a global gaming hub by the Chinese government, enabling it to capitalise on the market potential and further enhance its leading tourism position.

In order to stay competitive in the marketplace, the Group will continue strengthening its efforts to improve customer segmentation and customer service, aiming to create pleasant experiences for its mass customers and provide premium services for the targeted segments. In response to the volatile market situation, the Group will closely monitor the market and promptly adjust strategies accordingly.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group's number of employees was 1,150 (31 March 2019: 1,143). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$225.0 million (2018: HK\$217.3 million). Each 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 has adopted a share option scheme to provide incentive or reward to staff.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.030 per share (2018: HK\$0.028 per share) (“**Interim Dividend**”) for the Period. The Interim Dividend will be payable on 20 December 2019 (Friday) to shareholders whose names appear on the register of members of the Company on 13 December 2019 (Friday).

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 12 December 2019 (Thursday) to 13 December 2019 (Friday) (both days inclusive), 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 11 December 2019 (Wednesday).



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

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 2018 as set out below:

	Notes	Six months ended 30 September	
		2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Revenue	3	677,931	665,588
Cost of sales		(19,169)	(18,991)
Cost of hotel and gaming operations		(250,710)	(246,432)
Gross profit		408,052	400,165
Other income		49,485	38,188
Fair value changes of investment properties		18,800	14,100
Other loss	5	(4,469)	(10,994)
Impairment allowance reversed (recognised) for trade receivables		265	(4,931)
Selling and marketing expenses		(126,932)	(140,044)
Administrative expenses		(120,820)	(121,421)
Finance costs	6	(1,523)	(131)
Profit before taxation	4&7	222,858	174,932
Taxation	8	(22,638)	(19,283)
Profit for the period		200,220	155,649

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Note	Six months ended 30 September	
		2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change of debt instruments at fair value through other comprehensive income		548	(16,966)
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income		31	612
Other comprehensive income (expense) for the period		579	(16,354)
Total comprehensive income for the period		200,799	139,295
Profit for the period attributable to:			
Owners of the Company		177,200	128,942
Non-controlling interests		23,020	26,707
		200,220	155,649
Total comprehensive income for the period attributable to:			
Owners of the Company		177,664	119,130
Non-controlling interests		23,135	20,165
		200,799	139,295
Earnings per share			
Basic	10	HK\$0.14	HK\$0.10



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at	
		30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Non-current assets			
Investment properties	11	715,700	696,900
Property, plant and equipment	11	1,228,808	1,237,861
Right-of-use assets	11	489,454	—
Prepaid lease payments	11	—	451,413
Debt instruments at fair value through other comprehensive income		345,157	372,025
Deposits paid for acquisition of property, plant and equipment		22,416	16,612
Goodwill		110,960	110,960
		2,912,495	2,885,771
Current assets			
Inventories, at cost		13,627	14,241
Trade and other receivables	12	217,379	245,572
Debt instruments at fair value through other comprehensive income		111,650	96,783
Prepaid lease payments	11	—	15,980
Pledged bank deposits		45,005	44,040
Short-term bank deposits		935,287	300,662
Bank balances and cash		2,172,866	2,638,143
		3,495,814	3,355,421

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	As at	
		30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Current liabilities			
Trade and other payables	14	211,074	192,384
Amounts due to fellow subsidiaries		2,434	3,930
Amounts due to non-controlling interests of a subsidiary		41,000	46,200
Taxation payable		341,674	319,253
Lease liabilities		2,885	—
		599,067	561,767
Net current assets		2,896,747	2,793,654
Total assets less current liabilities		5,809,242	5,679,425
Non-current liabilities			
Lease liabilities		27,803	—
Deferred taxation		111,471	111,254
		139,274	111,254
		5,669,968	5,568,171
Capital and reserves			
Share capital	15	124	126
Reserves		4,654,846	4,576,182
Equity attributable to owners of the Company		4,654,970	4,576,308
Non-controlling interests		1,014,998	991,863
		5,669,968	5,568,171



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company											
	Share capital HK\$' 000	Treasury shares HK\$' 000	Share premium HK\$' 000	Capital redemption reserve HK\$' 000	Property revaluation reserve HK\$' 000	Investment revaluation reserve HK\$' 000	Legal reserve HK\$' 000	Other reserve HK\$' 000	Retained profits HK\$' 000	Total HK\$' 000	Non-controlling interests HK\$' 000	Total equity HK\$' 000
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 debt instruments at fair value through other comprehensive income	—	—	—	—	—	(10,180)	—	—	—	(10,180)	(6,786)	(16,966)
Reclassification adjustments for amount transferred to profit or loss upon 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
Ordinary 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
At 1 April 2019 (Audited)	126	—	436,765	672	24,582	3,169	287	396,958	3,713,749	4,576,308	991,863	5,568,171
Profit for the period	—	—	—	—	—	—	—	—	177,200	177,200	23,020	200,220
Fair value change of debt instruments at fair value through other comprehensive income	—	—	—	—	—	439	—	—	—	439	109	548
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	—	—	—	—	—	25	—	—	—	25	6	31
Total comprehensive income for the period	—	—	—	—	—	464	—	—	177,200	177,664	23,135	200,799
Ordinary shares repurchased and cancelled (note 15)	(2)	—	—	2	—	—	—	—	(28,964)	(28,964)	—	(28,964)
Ordinary shares repurchased but not yet cancelled (note 15)	—	(2,820)	—	—	—	—	—	—	—	(2,820)	—	(2,820)
2019 final dividend paid in cash	—	—	—	—	—	—	—	—	(67,218)	(67,218)	—	(67,218)
At 30 September 2019 (Unaudited)	124	(2,820)	436,765	674	24,582	3,633	287	396,958	3,794,767	4,654,970	1,014,998	5,669,968

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Net cash from operating activities	270,971	220,529
Net cash used in investing activities	(631,634)	(668,899)
Net cash used in financing activities	(104,614)	(112,570)
Net decrease in cash and cash equivalents	(465,277)	(560,940)
Cash and cash equivalents at the beginning of the reporting period	2,638,143	3,098,510
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	2,172,866	2,537,570



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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 2019.

Certain comparative figures have been reclassified to be consistent with the current period’s presentation.

2. SIGNIFICANT 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 to 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 presented in the preparation of the Group’s annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the Period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases ("HKFRS 16")

The Group has applied HKFRS 16 for the first time in the Period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Allocation of consideration to components of a contract
(Continued)

The Group applies practical expedient not to separate non-lease components from lease component and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

Right-of-use assets

Except for short-term leases and leases of low-value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Right-of-use assets *(Continued)*

- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the unaudited condensed consolidated statement of financial position.

Leasehold land and buildings

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Lease liabilities *(Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessor (Continued)

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. The Group recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying HKAS 17 at its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee (Continued)

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease terms for the Group’s leases with extension and termination options.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$27,666,000 and right-of-use assets of HK\$495,059,000 as at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.5%.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	HK\$' 000
Operating lease commitments disclosed as at 31 March 2019 (Audited)	2,831
Add: Extension options reasonably certain to be exercised	40,834
Less: Recognition exemption — short-term leases	(1,220)
	42,445
Lease liabilities discounted at relevant incremental borrowing rates	(14,779)
	27,666
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019 (Unaudited)	27,666
Analysed as:	
Current	634
Non-current	27,032
	27,666



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	HK\$' 000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	27,666
Reclassified from prepaid lease payments (note)	467,393
	495,059
By class:	
Leasehold land	493,515
Land and buildings	1,544
	495,059

Note: Upfront payments for leasehold land in Macau were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portions of prepaid lease payments amounting to HK\$15,980,000 and HK\$451,413,000 respectively were reclassified to right-of-use assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) *(Continued)*

2.1.2 *Transition and summary of effects arising from initial application of HKFRS 16 (Continued)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The application has no material impact on the Group’s unaudited condensed consolidated statement of financial position as at 1 April 2019.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”) (Continued)

2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The following adjustments were made to the amounts recognised in the unaudited condensed consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 (Audited) HK\$' 000	Adjustments (Unaudited) HK\$' 000	Carrying amounts under HKFRS 16 at 1 April 2019 (Unaudited) HK\$' 000
Non-current assets			
Right-of-use assets	—	495,059	495,059
Prepaid lease payments	451,413	(451,413)	—
Current asset			
Prepaid lease payments	15,980	(15,980)	—
Current liability			
Lease liabilities	—	(634)	(634)
Non-current liability			
Lease liabilities	—	(27,032)	(27,032)

Note: For the purpose of reporting cash flows for the Period, movements have been computed based on the opening balances of the unaudited condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Significant changes in significant judgements and key sources of estimation uncertainty

Lease term

In determination on lease term of contracts with renewal options, the Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Incremental borrowing rate

In determination on incremental borrowing rate, the Group applies judgement to determine the applicable rate to calculate the present value of lease payments. The incremental borrowing rate of the Group applies, which significantly affects the amount of lease liabilities and right-of-use assets recognised.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. REVENUE

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Recognised over time:		
Service income from gaming operation in mass market hall	378,273	309,754
Service income from gaming operation in VIP room	160,263	217,352
Service income from gaming operation in slot machine hall	21,013	19,571
Hotel room income	50,509	49,901
Others	933	3,250
	610,991	599,828
Recognised at a point in time:		
Food and beverage sales	54,675	54,509
Others	931	1,016
	55,606	55,525
Revenue from contracts with customers	666,597	655,353
Rental income from investment properties	11,334	10,235
	677,931	665,588

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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 2019

	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	559,549	118,382	677,931	—	677,931
Inter-segment revenue	—	811	811	(811)	—
Total	559,549	119,193	678,742	(811)	677,931
Segment result based on the Adjusted EBITDA	195,012	26,158	221,170		221,170
Bank interest income					35,320
Interest income from debt instruments at FVOCI					13,103
Loss on disposal of debt instruments at FVOCI					(31)
Depreciation of property, plant and equipment					(50,087)
Depreciation of right-of-use assets					(9,425)
Exchange loss at corporate level					(4,469)
Fair value changes of investment properties					18,800
Finance costs					(1,523)
Profit before taxation					222,858

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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
SEGMENT REVENUE					
External revenue	546,677	118,911	665,588	—	665,588
Inter-segment revenue	—	811	811	(811)	—
Total	546,677	119,722	666,399	(811)	665,588
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
Loss on disposal of debt instruments at FVOCI					(612)
Depreciation of property, plant and equipment					(51,255)
Exchange loss at corporate level					(10,994)
Release of prepaid lease payments					(7,851)
Fair value changes of investment properties					14,100
Finance cost					(131)
Profit before taxation					174,932

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 2019

5. OTHER LOSS

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Exchange loss	4,469	10,994

6. FINANCE COSTS

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Interest on lease liabilities	500	—
Bank charges	1,023	131
	1,523	131

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	97,821	110,096
Depreciation of property, plant and equipment	50,087	51,255
Depreciation of right-of-use assets	9,425	—
Loss on disposal/write-off of property, plant and equipment	—	172
Loss on disposal of debt instruments at FVTOCI	31	612
Release of prepaid lease payments	—	7,851
and after crediting:		
Bank interest income	35,320	21,212
Interest income from debt instruments at FVTOCI	13,103	15,728
Gain on disposal of property, plant and equipment	14	—



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. TAXATION

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Macau Complementary Income Tax		
— current period	22,421	18,701
Hong Kong Profits Tax		
— overprovision in prior years	—	(30)
Deferred taxation	217	612
	22,638	19,283

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 and prior period as the Group did not have any estimated assessable profits for both periods.

9. DIVIDENDS

A dividend of HK\$0.054 per share with an aggregate amount of approximately HK\$67,218,000 was paid to the shareholders of the Company during the Period as the final dividend of 2018/2019. 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 corresponding period in 2018 as the final dividend of 2017/2018.

The Board has resolved to declare an interim dividend of HK\$0.030 (2018: HK\$0.028) per share for the Period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
	Earnings Earnings (profit for the period attributable to owners of the Company) for the purpose of basic earnings per share	177,200

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
	Number of shares Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,247,279,207

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 2019

11. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND PREPAID LEASE PAYMENTS

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

	Investment properties HK\$' 000	Property, plant and equipment HK\$' 000	Right-of-use assets HK\$' 000	Prepaid lease payments HK\$' 000
FAIR VALUE/CARRYING AMOUNTS				
At 31 March 2019 (Audited)	696,900	1,237,861	—	467,393
Effect arising from initial application of HKFRS 16 (note 2)	—	—	495,059	(467,393)
At 1 April 2019 (Restated)	696,900	1,237,861	495,059	—
Additions	—	41,039	3,820	—
Disposals	—	(5)	—	—
Depreciation for the Period	—	(50,087)	(9,425)	—
Increase in fair value	18,800	—	—	—
At 30 September 2019 (Unaudited)	715,700	1,228,808	489,454	—

The fair values of the Group's investment properties as at 30 September 2019 and 31 March 2019 have been arrived at on the basis of a valuation carried out on those dates by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards 2017 issued by Hong Kong Institute of Surveyors.

As at 30 September 2019 and 31 March 2019, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

12. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Trade receivables	129,241	151,156
Less: Impairment allowance	(52,861)	(53,126)
	76,380	98,030
Chips on hand	113,079	122,888
Other receivables and prepayments	27,920	24,654
	217,379	245,572

The Group normally allows credit periods of up to 60 days to its 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 impairment 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 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
0-30 days	62,690	81,775
31-60 days	377	456
61-90 days	342	780
91-180 days	71	1,335
Over 180 days	12,900	13,684
	76,380	98,030

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 2019

13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL

The Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge obligations by the counterparties at the end of reporting period are arising from the carrying amounts of the respective recognised financial assets as stated in the unaudited condensed consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually. In this regard, the Directors consider that the Group’s credit risk is significantly reduced.

During the Period, the Group reversed loss allowance for ECL of HK\$265,000 (2018: made loss allowance of HK\$4,931,000) for the trade receivables from certain gaming patrons as the amounts were recovered (2018: uncollectible). No additional lifetime ECL was recognised for the Period as the management has assessed the creditability and subsequent settlement of these customers and all available forward looking information including but not limited to the economic outlook, and concluded that the credit risk of the trade receivables from these gaming patrons is insignificant. As at 30 September 2019, impairment allowance of HK\$52,861,000 (31 March 2019: HK\$53,126,000) for the trade receivables from individual gaming patron with an aggregate gross carrying amount of HK\$69,751,000 (31 March 2019: HK\$66,027,000) represents individually credit-impaired trade receivables from these gaming patrons as the management considered the outstanding balances from these gaming patrons were uncollectible.

Lifetime ECL for the remaining trade receivables with an aggregate gross carrying amount of HK\$59,490,000 (31 March 2019: HK\$85,129,000) was insignificant and thus was not provided due to the low probability of default of those debtors based on historical credit loss experience. The management 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 the credit risk inherent in the Group’s outstanding trade receivables is insignificant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

13. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS (“ECL”) MODEL *(Continued)*

The following table shows the movements in lifetime ECL that has been recognised for credit-impaired trade receivables from individual gaming patrons under the simplified approach:

	Lifetime ECL (credited- impaired) HK\$' 000
At 1 April 2019 (Audited)	53,126
Change due to financial instruments recognised at 1 April 2019 — impairment losses reversed	(265)
At 30 September 2019 (Unaudited)	52,861

For the pledged bank deposits, short-term bank deposits and bank balances, impairment allowance was insignificant and thus was not provided since the management of the Group considers the probability of default is negligible as such deposits are placed in banks with high credit ratings assigned by international credit-rating agencies, and have low credit risk.

For other receivables including chips on hand, impairment allowance was insignificant and thus was not provided since the management of the Group considers the probability of default is minimal after assessing the counterparties' financial background and creditability.

For debt instruments at FVTOCI, the Group only invests in debt securities with low credit risk. The Group's debt instruments at FVTOCI are all listed bonds that are graded in the high credit ratings among rating agencies and therefore are considered to be low credit risk investments. During the Period, impairment allowance was insignificant and thus was not provided since the management of the Group considers the probability of default is minimal.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

14. TRADE AND OTHER PAYABLES

	As at	
	30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Trade payables	15,412	12,068
Chips in custody and deposits from gaming patrons	25,875	25,422
Construction payables and accruals	2,965	4,688
Other payables and accruals	82,179	87,027
Accrued staff costs	66,643	45,179
Short-term advance	18,000	18,000
	211,074	192,384

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 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
0-30 days	7,681	6,083
31-60 days	7,566	5,677
61-90 days	89	105
91-180 days	76	165
Over 180 days	—	38
	15,412	12,068

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 2019

15. SHARE CAPITAL AND TREASURY SHARES

	Number of shares	Share capital HK\$' 000
Ordinary shares of HK\$0.0001 each		
Authorised:		
At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	2,000,000,000,000	200,000
Issued and fully paid:		
At 1 April 2018 (Audited)	1,302,545,983	130
Share repurchased and cancelled	(17,595,000)	(2)
At 30 September 2018 (Unaudited)	1,284,950,983	128
At 1 April 2019 (Audited)	1,258,825,983	126
Share repurchased and cancelled	(17,980,000)	(2)
At 30 September 2019 (Unaudited)	1,240,845,983	124

During the Period, the Company had repurchased 19,835,000 (2018: 17,595,000) shares of its own shares from the market at an aggregate consideration of HK\$31,786,000 (2018: HK\$29,339,000) (including the relevant transaction costs and expenses of HK\$103,000 (2018: HK\$96,000)), of which 17,980,000 shares purchased at an aggregate consideration of HK\$28,964,000 (2018: HK\$29,339,000) were cancelled during the Period while the remaining 1,855,000 shares purchased at an aggregate consideration of HK\$2,822,000 (2018: Nil) were subsequently cancelled after the end of the reporting period. The average price of the repurchased shares was HK\$1.597 (2018: HK\$1.662) per share.

As at 30 September 2019, immediately before the cancellation, these remaining 1,855,000 shares at the carrying amount of HK\$2,820,000 were classified as treasury shares and included in the unaudited condensed consolidated statement of changes in equity.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of financial asset with standard terms and conditions and traded in active liquid markets is determined with reference to quoted market bid prices.

Other than disclosed below, 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 other financial assets and financial liabilities recorded at amortised cost at the end of each reporting period approximate their corresponding fair values.

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).

Fair value of the Group's financial asset that is measured at fair value on a recurring basis

Financial asset	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000				
Debt instruments at FVTOCI	456,807	468,808	Level 1	Quoted bid prices in an active market	N/A	N/A

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

17. CAPITAL COMMITMENTS

	As at	
	30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (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	12,540	3,815

18. PLEDGE OF ASSETS

- (a) As at 30 September 2019, 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 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Hotel properties	960,826	978,461
Investment properties	715,700	696,900
Right-of-use assets	484,739	—
Prepaid lease payments	—	467,393
Others (note)	54,832	69,376
	2,216,097	2,212,130

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

18. PLEDGE OF ASSETS *(Continued)*

- (b) The Group had a bank deposit of HK\$44,661,000 (31 March 2019: HK\$43,700,000) 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 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\$344,000 (31 March 2019: HK\$340,000) 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 2019

19. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Advertising expense to a related company	217	326
Commission to Dr. Yeung Sau Shing, Albert (" Dr. Albert Yeung "), in his capacity of a patron of the Group's VIP room	172	552
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	374	655
Reimbursement of administrative expenses to fellow subsidiaries	4,150	4,814
Rental income from a related company	2,362	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 The Albert Yeung Discretionary Trust ("**AY Trust**") or other private trusts which are founded by Dr. Albert Yeung.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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	
	2019 (Unaudited) HK\$' 000	2018 (Unaudited) HK\$' 000
Fees	580	580

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

	As at	
	30 September 2019 (Unaudited) HK\$' 000	31 March 2019 (Audited) HK\$' 000
Amounts due to fellow subsidiaries	2,434	3,930
Amounts due to non-controlling interests of a subsidiary	41,000	46,200

20. EVENT AFTER THE END OF THE REPORTING PERIOD

In October 2019, the Company further repurchased 4,020,000 shares of its own shares from the market at an aggregate consideration of HK\$6,115,000 (including the relevant transaction costs and expenses of HK\$20,000) and an average price of HK\$1.516 per share. These further repurchased shares were subsequently cancelled.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2019, the following Director(s) and chief executive(s) 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 (“Shares”)

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	% of issued voting Shares
Ms. Luk Siu Man, Semon (“Ms. Semon Luk”)	Interest of spouse	851,352,845	68.61%

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 2019, approximately 74.71% of its issued shares was held by Emperor International Group Holdings Limited (“**Emperor International Group Holdings**”). The entire issued share of Emperor International Group Holdings is wholly-owned by Albert Yeung Holdings Limited (“**AY Holdings**”) which is held by STC International Limited (“**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 of the Company. 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 IN SECURITIES

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary shares interested	% of issued voting shares
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	4,290,850,000 <i>(Note)</i>	63.29%
	Ulferts International Limited	Interest of spouse	600,000,000 <i>(Note)</i>	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:

These shares were ultimately owned by respective private trusts which are also founded by Dr. Albert Yeung. 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 IN SECURITIES

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY *(Continued)*

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/Nature of interests	Amount of debentures held
Mr. Wong Chi Fai	Emperor International	Interest of controlled corporation	HK\$2,000,000

Save as disclosed above, as at 30 September 2019, 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 IN SECURITIES

So far as is known to any Directors or chief executives of the Company, as at 30 September 2019, 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 by the Company under Section 336 of the SFO (“DI Register”) were as follows:

LONG POSITIONS IN SHARES

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
Emperor International	Interest in a controlled corporation	851,352,845	68.61%
AY Holdings	Interest in a controlled corporation	851,352,845	68.61%
STC International	Trustee of the AY Trust	851,352,845	68.61%
Dr. Albert Yeung	Founder of the AY Trust	851,352,845	68.61%

Note:

These Shares were the same Shares of which Ms. Semon Luk had deemed interests as set out under Section (A) of “Directors’ and Chief Executives’ Interests in Securities” above.

Save as disclosed above, as at 30 September 2019, the Directors or chief executives of the Company were not aware of any 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.

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 has 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 has adopted EEH Securities Code on no less exacting terms than the required standards set out in Model Code for Securities Transactions by 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 had complied with the required standard of dealings as set out in the Model Code and 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.

CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any change in the Directors’ information which is required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules since the date of the 2018/2019 Annual Report.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements of the Group for the Period as set out in this interim report had not been audited nor 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

During the Period, the Company repurchased a total of 19,835,000 Shares at an aggregate consideration of HK\$31,683,650 (before expenses) on the Stock Exchange, the particulars of which are as follows:

Month of Shares repurchase	Number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid (before expenses) HK\$
April 2019	7,845,000	1.74	1.68	13,332,700
June 2019	1,270,000	1.65	1.53	2,046,800
July 2019	4,940,000	1.62	1.58	7,821,000
August 2019	1,755,000	1.45	1.41	2,507,900
September 2019	4,025,000	1.53	1.41	5,975,250
Total	19,835,000			31,683,650

As at the date of this report, the repurchased shares were all subsequently cancelled. The repurchases were made with a view to enhancing the net asset value and/or earnings per Share.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES *(Continued)*

As at 30 September 2019, there was a total of 1,240,845,983 (31 March 2019: 1,258,825,983) Shares in issue.

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

Hong Kong, 25 November 2019

As at the date hereof, the Board comprises:

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 of the Company in printed form or on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.emp296.com>). In order to protect the environment, the Company highly recommends the shareholders 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's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.

