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

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2019 (the “Period”) together with the comparative figures for the corresponding period in 2018 as set out below:

	Six months ended 30 September		Changes
	2019	2018	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue	677,931	665,588	+ 1.9%
Gaming revenue	559,549	546,677	+ 2.4%
— <i>From Gaming concourse</i>	378,273	309,754	+ 22.1%
— <i>From VIP room</i>	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%

* *for identification purpose only*

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

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	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
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

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

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Profit for the period attributable to:			
Owners of the Company		177,200	128,942
Non-controlling interests		23,020	26,707
		<u>200,220</u>	<u>155,649</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		177,663	119,130
Non-controlling interests		23,136	20,165
		<u>200,799</u>	<u>139,295</u>
Earnings per share			
Basic	10	<u>HK\$0.14</u>	<u>HK\$0.10</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	As at	
	30 September 2019	31 March 2019
<i>Note</i>	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Non-current assets		
Investment properties	715,700	696,900
Property, plant and equipment	1,228,808	1,237,861
Right-of-use assets	489,454	—
Prepaid lease payments	—	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
	<u>2,912,495</u>	<u>2,885,771</u>
Current assets		
Inventories, at cost	13,627	14,241
Trade and other receivables	11 217,379	245,572
Debt instruments at fair value through other comprehensive income	111,650	96,783
Prepaid lease payments	—	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
	<u>3,495,814</u>	<u>3,355,421</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

		As at	
		30 September 2019	31 March 2019
	<i>Note</i>	(Unaudited) <i>HK\$'000</i>	(Audited) <i>HK\$'000</i>
Current liabilities			
Trade and other payables	12	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		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

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

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.

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

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

As a lessee

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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

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

As a lessee (Continued)

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%.

	<i>HK\$'000</i>
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	<u>(1,220)</u>
	42,445
Lease liabilities discounted at relevant incremental borrowing rates	<u>(14,779)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019 (Unaudited)	<u><u>27,666</u></u>
Analysed as:	
Current	634
Non-current	<u>27,032</u>
	<u><u>27,666</u></u>

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

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

Note: Upfront payments for leasehold lands 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(Continued)

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) <i>HK\$'000</i>	Adjustments (Unaudited) <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 (Unaudited) <i>HK\$'000</i>
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.

3. REVENUE

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

	Six months ended 30 September	
	2019	2018
	(Unaudited)	(Unaudited)
	HK\$'000	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
	<u>610,991</u>	<u>599,828</u>
Recognised at a point in time:		
Food and beverage sales	54,675	54,509
Others	931	1,016
	<u>55,606</u>	<u>55,525</u>
Revenue from contracts with customers	666,597	655,353
Rental income from investment properties	11,334	10,235
	<u><u>677,931</u></u>	<u><u>665,588</u></u>

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”).

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

4. SEGMENT INFORMATION (Continued)

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	<u>559,549</u>	<u>119,193</u>	<u>678,742</u>	<u>(811)</u>	<u>677,931</u>
Segment result based on the Adjusted EBITDA	<u>195,012</u>	<u>26,158</u>	<u>221,170</u>		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					<u>(1,523)</u>
Profit before taxation					<u>222,858</u>

4. SEGMENT INFORMATION (Continued)
Segment revenue and results (Continued)
For the six months ended 30 September 2018

	Gaming operation (Unaudited) <i>HK\$'000</i>	Hotel operation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>	Elimination (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	546,677	118,911	665,588	—	665,588
Inter-segment revenue	—	811	811	(811)	—
Total	<u>546,677</u>	<u>119,722</u>	<u>666,399</u>	<u>(811)</u>	<u>665,588</u>
Segment result based on the Adjusted EBITDA	<u>165,133</u>	<u>29,602</u>	<u>194,735</u>		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					<u>(131)</u>
Profit before taxation					<u>174,932</u>

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.

5. OTHER LOSS

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

6. FINANCE COSTS

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

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2019 (Unaudited) <i>HK\$'000</i>	2018 (Unaudited) <i>HK\$'000</i>
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	—
	<u>14</u>	<u>—</u>

8. TAXATION

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

11. TRADE AND OTHER RECEIVABLES

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

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) <i>HK\$'000</i>	31 March 2019 (Audited) <i>HK\$'000</i>
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	<u>12,900</u>	<u>13,684</u>
	<u><u>76,380</u></u>	<u><u>98,030</u></u>

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

12. 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
	<u>211,074</u>	<u>192,384</u>

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
	<u>15,412</u>	<u>12,068</u>

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

13. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages 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 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 has resolved to declare an interim dividend of HK\$0.030 (2018: HK\$0.028) per share.

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 from 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 dollars, United State dollars 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 dollars, 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.

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.

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).

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).

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 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).

REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been audited or reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

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 its own code of conduct regarding securities transactions by Directors (“EEH Securities Code”) on no less exacting terms than the required standards as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”). Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and the EEH Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted during the Period.

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

During the Period, the Company repurchased a total of 19,835,000 shares of the Company ("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	Date of cancellation	Number of Shares repurchased	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
April 2019	28 June 2019	7,845,000	1.74	1.68	13,332,700
June 2019	28 June 2019 & 5 July 2019	1,270,000	1.65	1.53	2,046,800
July 2019	12 July 2019 & 26 July 2019	4,940,000	1.62	1.58	7,821,000
August 2019	6 September 2019	1,755,000	1.45	1.41	2,507,900
September 2019	17 September 2019, 4 October 2019 & 18 October 2019	4,025,000	1.53	1.41	5,975,250
Total		<u>19,835,000</u>			<u>31,683,650</u>

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.

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of Stock Exchange at (<https://www.hkexnews.hk>) and the Company at (<https://www.emp296.com>). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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