



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 2013/2014



THE SAVOUR OF
MAJESTIC EXPERIENCE

INTERIM REPORT 2013/2014



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FINANCIAL HIGHLIGHTS

	Six months ended 30 September		Changes
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000	
Revenue	1,099,531	905,213	+21.5%
Gross profit	837,997	681,665	+22.9%
EBITDA (before non-controlling interests)	514,876	421,863	+22.0%
EBITDA margin (before non-controlling interests)	46.8%	46.6%	+0.2% pts
Profit for the period attributable to owners of the Company	278,337	231,772	+20.1%
Earnings per share Basic	HK\$0.22	HK\$0.18	+22.2%
Diluted	HK\$0.22	HK\$0.18	+22.2%
Interim dividend per share	HK\$0.06	HK\$0.053	+13.2%

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

Underpinned by an increasing penetration of mainland visitors, visitation to Macau had remained strong. During the six months ended 30 September 2013 (the “Period”), visitor arrivals to Macau rose by 6.5% year-on-year to 14.8 million (2012: 13.9 million). Increasingly dominant in Macau’s tourist profile, visitors from the mainland surged by 15.9% to 9.5 million (2012: 8.2 million), representing 64.2% of the total visitation. Concerns over the slowdown in China had not suppressed their appetite for gambling. Being a pillar industry in Macau, the gaming sector has seen persistent positive growth in its revenue, though the pace has moderated from previous years. During the Period, gaming revenue in Macau climbed 17.6% to MOP175,865.5 million (2012: MOP149,523.6 million). According to Macao Monetary Research Bulletin published by the Monetary Authority of Macao in July 2013, there has been a structural shift in gaming services from the VIP sector to the mass market. The report suggested that the share of VIP gaming revenue hit 67.8% in the first quarter of 2013, down from a peak of 74.0% in the second quarter of 2011.

FINANCIAL REVIEW

Overall Review

During the Period, the Group made notable progress in scaling up the premium mass segment and boosted its total revenue to HK\$1,099.5 million (2012: HK\$905.2 million), an increase of 21.5% from the same period last year. The Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) and before non-controlling interests increased by 22.0% to HK\$514.9 million (2012: HK\$421.9 million). The EBITDA margin before non-controlling interests reached 46.8% (2012: 46.6%). Profit for the Period attributable to the owners of the Company grew by 20.1% to HK\$278.3 million (2012: HK\$231.8 million). Basic earnings per share was HK\$0.22 (2012: HK\$0.18). The board of directors of the Company (the “Board” or “Directors”) is pleased to declare an interim dividend of HK\$0.06 (2012: HK\$0.053) per share.

FINANCIAL REVIEW *(Continued)*

Capital Structure

During the Period, a director of the Company exercised 4,500,000 share options of the Company at an exercise price of HK\$2.2 each. The number of issued shares of the Company was then increased by 4,500,000 ordinary shares of HK\$0.0001 each. The Company's share capital and share premium account were increased by HK\$450 and HK\$11.7 million respectively, and the share option reserve of the Company was reduced by HK\$1.8 million.

Shortly after the end of the Period and up to the date of this report, additional 4,750,000 share options were exercised. It led to a further increase in the share capital and share premium account by HK\$475 and HK\$12.4 million respectively, and a further decrease of the share option reserve by HK\$1.9 million.

Liquidity and Financial Resources

The Group continued to maintain a strong cash position and a healthy financial position as supported by strong cash inflow. The Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 30 September 2013, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$2,468.2 million (31 March 2013: HK\$2,028.8 million), which were mainly denominated in Hong Kong dollars, Macau Pataca and Renminbi.

Advances from non-controlling interests of a subsidiary of the Company at the end of the Period were HK\$186.0 million (31 March 2013: HK\$226.0 million), which was denominated in Hong Kong dollars and is unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. Other than these advances and trade and other payables, the Group had no other external borrowings with low gearing ratio which optimises its financial position and minimises its exposure to interest rate risk.

FINANCIAL REVIEW *(Continued)*

Liquidity and Financial Resources *(Continued)*

The Group's current assets and current liabilities as at 30 September 2013 were HK\$2,804.2 million and HK\$740.4 million (31 March 2013: HK\$2,376.4 million and HK\$690.2 million) respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) as at 30 September 2013 further decreased to 4.7% (31 March 2013: 6.2%).

For the commercial benefit of the Group, during the Period, the Group exchanged excessive cash in Hong Kong dollars into offshore traded Renminbi ("CNH") and deposited them with banks for earning higher interest income. The CNH deposits made as at 30 September 2013 were equivalent to about HK\$2.1 billion (31 March 2013: HK\$16.5 million). To sustain its liquidity, the Group pledged certain CNH deposits in favour of several banks as security for obtaining additional banking facilities to the Group. The Group currently does not have policy on hedges of foreign currency risk in relation to these CNH deposits. However, the Directors closely monitor this exposure and will consider to take actions to mitigate the risk should the need arises.

Except as described above, the Group did not experience any significant exposure to foreign exchange rate fluctuation as its borrowings, other bank balances and cash on hand are mainly denominated in Hong Kong dollars and Macau Pataca.

Pledge of Assets

As at 30 September 2013, assets with carrying values of approximately HK\$3.5 billion (31 March 2013: HK\$1.5 billion) were pledged to several banks as security for unutilised banking facilities in total of approximately HK\$2.0 billion (31 March 2013: HK\$100 million) available to the Group. In addition, the Group pledged a bank deposit of HK\$0.3 million (31 March 2013: HK\$0.3 million) to a bank as security for use of ferry ticket equipment granted by a third party to the Group.

BUSINESS REVIEW

The Group's flagship project, Grand Emperor Hotel in Macau (the "Hotel"), has over 130,000 square feet of gaming space spreading over six floors offering slot machines as well as gaming tables in gaming concourse and VIP room. Dedicated to its ongoing effort, the Group increased the proportion of premium mass customers successfully on the back of the continuing influx of middle class visitors. The Group once again achieved solid growth in gaming concourse, with average win per table per day reaching a record high of HK\$114,800 during the Period.

BUSINESS REVIEW *(Continued)*

Gaming Revenue

The Group's casino is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A.. During the Period, the Group reported a 21.5% growth in gaming revenue to HK\$1,000.1 million (2012: HK\$823.1 million), accounting for 91.0% of the Group's total revenue.

Gaming Concourse

Bolstered by the Group's success in expanding its premium mass segment, the gross win in gaming concourse achieved 24.1% growth to HK\$1,408.8 million (2012: HK\$1,135.0 million). Segmental revenue increased by 23.9% to HK\$780.8 million (2012: HK\$630.2 million), accounting for 71.0% of the Group's total revenue. The number of tables in the gaming concourse was 67 tables (2012: 65 tables). Average win continued to track on strong growth path during the Period, with a record-breaking figure of HK\$114,800 (2012: HK\$97,500) per table per day.

VIP Room

The Group self-managed a VIP room with a total of 10 tables (2012: 12 tables) with the rolling amount of HK\$12.0 billion (2012: HK\$9.0 billion). Segmental revenue increased by 18.8% to HK\$200.1 million (2012: HK\$168.4 million), accounting for 18.2% of the Group's total revenue. Average win was HK\$193,000 (2012: HK\$154,000) per table per day.

Slot Machines

The segment recorded a gross win of HK\$43.6 million (2012: HK\$55.3 million) with the capacity of 267 slot seats (2012: 282 slot seats). Segmental revenue was HK\$19.2 million (2012: HK\$24.5 million), accounting for 1.8% of the Group's total revenue. Average win was HK\$860 (2012: HK\$1,090) per seat per day.

Hotel Revenue

During the Period, the hotel revenue grew by 21.1% to HK\$99.4 million (2012: HK\$82.1 million), accounting for 9.0% of the Group's total revenue. The Hotel has a capacity of 307 guest rooms. During the Period, the Hotel reported an average daily rate of HK\$1,273 (2012: HK\$1,138) and a high occupancy rate of 87% (2012: 90%). Room revenue amounted to HK\$23.6 million (2012: HK\$20.8 million). Revenue from food and beverage was HK\$57.1 million (2012: HK\$44.5 million).

OUTLOOK

New development projects and intensive infrastructure improvements in Macau will support healthy growth in both visitation from mainland and the gaming industry in the foreseeable future. Riding on its proven dedication and expertise in customer segmentation, the Group expects an increasing contribution from the mass market, which is less vulnerable to macroeconomic volatility. The Group will remain focused on driving operational excellence through improving margin performance, optimising its customer mix and delivering quality services to the customers, thereby sustaining the growth momentum of the Group in the years to come.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2013, the Group's number of employee was 1,149 (31 March 2013: 1,157). Total staff costs including directors' remuneration and the other staff costs for the Period were HK\$199.5 million (2012: HK\$169.8 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 2 September 2002 (the "Old Share Option Scheme"). The Old Share Option Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. During the Period, the Company adopted a new share option scheme on 15 August 2013 in view of the expiration of the Old Share Option Scheme. Other relevant details of both schemes are set out in the section headed "Share Options" in page 32.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of HK\$0.06 per share (“Interim Dividend”) for the financial year ending 31 March 2014 (2012/2013: HK\$0.053 per share) amounting to approximately HK\$78,108,000 (2012/2013: HK\$68,505,000). The Interim Dividend will be payable on 20 December 2013 (Friday) to shareholders whose names appear on the register of members of the Company on 13 December 2013 (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 2013 (Thursday) to 13 December 2013 (Friday), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 11 December 2013 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2013

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 2012 as set out below.

	Notes	Six months ended 30 September	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	3	1,099,531	905,213
Cost of sales		(20,334)	(16,659)
Cost of hotel and gaming operations		(241,200)	(206,889)
Gross profit		837,997	681,665
Other income		34,168	12,785
Gain on fair value change in investment properties		5,000	47,700
Selling and marketing expenses		(291,784)	(221,271)
Administrative expenses		(106,056)	(93,632)
Finance costs	5	(230)	(5,816)
Profit before taxation	4&6	479,095	421,431
Taxation	7	(52,248)	(50,016)
Profit and total comprehensive income for the period		426,847	371,415
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		278,337	231,772
Non-controlling interests		148,510	139,643
		426,847	371,415
Earnings per share	9		
Basic		HK\$0.22	HK\$0.18
Diluted		HK\$0.22	HK\$0.18

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

		As at	
	Notes	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Non-current assets			
Investment properties	10	455,000	450,000
Property, plant and equipment	10	1,201,544	1,255,905
Prepaid lease payments	10	222,918	226,141
Deposits paid for acquisition of property, plant and equipment		20,236	2,026
Goodwill		110,960	110,960
		2,010,658	2,045,032
Current assets			
Inventories, at cost		13,365	13,450
Trade and other receivables	11	316,192	327,741
Prepaid lease payments	10	6,446	6,446
Pledged bank deposits		1,991,162	300
Short-term bank deposits		92,164	22,244
Bank balances and cash		384,842	2,006,252
		2,804,171	2,376,433
Current liabilities			
Trade and other payables	12	219,154	180,214
Amounts due to fellow subsidiaries		2,261	3,769
Amounts due to non-controlling interests of a subsidiary		186,000	226,000
Taxation payable		332,952	280,191
		740,367	690,174
Net current assets		2,063,804	1,686,259
Total assets less current liabilities		4,074,462	3,731,291
Non-current liability			
Deferred taxation		107,554	108,067
		3,966,908	3,623,224
Capital and reserves			
Share capital	14	130	129
Reserves		2,704,191	2,509,018
Equity attributable to owners of the Company		2,704,321	2,509,147
Non-controlling interests		1,262,587	1,114,077
		3,966,908	3,623,224

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2013

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Property revaluation reserve	Share option reserve	Legal reserve	Accumulated profits	Total	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2012	129	410,802	668	8,478	3,964	287	1,682,252	2,106,500	850,226	2,956,806
Profit and total comprehensive income for the period	-	-	-	-	-	-	231,772	231,772	139,643	371,415
Adjustment of deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	(394)	(394)
2012 final dividend paid in cash	-	-	-	-	-	-	(77,553)	(77,553)	-	(77,553)
At 30 September 2012	129	410,802	668	8,478	3,964	287	1,836,471	2,260,799	989,475	3,250,274
At 1 April 2013	129	410,802	668	8,478	3,964	287	2,084,819	2,509,147	1,114,077	3,623,224
Profit and total comprehensive income for the period	-	-	-	-	-	-	278,337	278,337	148,510	426,847
Issue of shares (note 14)	1	11,683	-	-	(1,784)	-	-	9,900	-	9,900
2013 final dividend paid in cash	-	-	-	-	-	-	(93,063)	(93,063)	-	(93,063)
At 30 September 2013	130	422,485	668	8,478	2,180	287	2,270,093	2,704,321	1,262,587	3,966,908

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash from operating activities	582,391	476,607
Net cash (used in) from investing activities	(2,080,638)	201,906
Net cash used in financing activities	(123,163)	(93,553)
Net (decrease) increase in cash and cash equivalents	(1,621,410)	584,960
Cash and cash equivalents at the beginning of the period	2,006,252	898,666
Cash and cash equivalents at the end of the period	384,842	1,483,626
Analysis of balance of cash and cash equivalent at the end of the period, representing bank balances and cash	384,842	1,483,626

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2013

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which were adjusted to fair value at initial recognition and investment properties which are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The accounting policies used in these condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2013, except as described below.

In the Period, the Group has adopted the following Hong Kong Accounting Standards (“HKASs”), Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretation (“INTs”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2013.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the Period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

New and revised standards on consolidation, joint arrangements, associates and disclosures *(Continued)*

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – Special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee, and (c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 will result in more extensive disclosures in the Group’s annual consolidated financial statements for the year ending 31 March 2014.

The Directors reviewed and assessed the application of these five standards in the Period and concluded that they have had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. In particular, the Directors have assessed the impact on HKFRS 10 which changes the definition of control over an investee, and concluded that it has no material effect on these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKAS 1 “Presentation of items of other comprehensive income”

The amendments to HKAS 1 “Presentation of items of other comprehensive income” introduce new terminology for the statement of comprehensive income statement and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’. The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit and loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the ‘statement of comprehensive income’ has been renamed as the ‘statement of profit or loss and other comprehensive income’. Other than the abovementioned presentation changes, the application of the amendments to HKAS 1 has had no impact on the results or financial position of the Group.

HKFRS 13 “Fair value measurement”

The Group has applied HKFRS 13 for the first time in the Period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 13 “Fair value measurement” *(Continued)*

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for ‘fair value’ and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of this HKFRS in the Period has had no material effect on the amounts reported in these condensed consolidated financial statements. Disclosures of fair value information in accordance with the consequential amendments to HKAS 34 are set out in note 13.

Amendments to HKAS 34 “Interim financial reporting” (as part of the annual improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 “Interim financial reporting” as part of the annual improvements to HKFRSs 2009-2011 cycle for the first time in the Period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (“CODM”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODM does not review assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset and liabilities information as part of segment information as disclosed in note 4.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Except as described above, the application of other new and revised HKFRSs has no material effect on the results and financial position of the Group for the current and prior periods.

The Group has not early applied any new standards or interpretations that have been issued but are not yet effective for the current accounting period.

3. REVENUE

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

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Service income from gaming operation in mass market halls	780,814	630,239
Service income from gaming operation in VIP room	200,098	168,380
Service income from gaming operation in slot machine hall	19,229	24,521
Hotel room income	23,643	20,776
Food and beverage sales	57,135	44,457
Rental income from investment properties	13,376	14,601
Others	5,236	2,239
	1,099,531	905,213

4. SEGMENT INFORMATION

The executive directors of the Company (the “Executive Directors”) have been identified as the 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 halls, VIP room and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating and reportable segments under HKFRS 8 as follows: gaming operation and hotel operation.

The segment information reported externally was analysed on the basis of their types of services supplied by the Group’s operating divisions which is consistent with the internal information that are regularly reviewed by the CODM for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in services. The principal activities of the operating and reportable segments are as follows:

- | | | |
|------------------|---|---|
| Gaming operation | – | Mass market halls, 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 in Macau including property investment income from investment properties in the Grand Emperor Hotel |

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, central administration costs and gain on fair value change of investment properties (the “Adjusted EBITDA”).

Inter-segment revenue is charged at prevailing market rate.

4. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2013

	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	1,000,141	99,390	1,099,531	-	1,099,531
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	1,000,141	100,801	1,100,942	(1,411)	1,099,531
Segment result based on the Adjusted EBITDA	492,302	54,358	546,660		546,660
Bank interest income					24,946
Depreciation of property, plant and equipment					(62,274)
Release of prepaid lease payments					(3,223)
Gain on fair value change in investment properties					5,000
Bank loan arrangement fee					(230)
Unallocated corporate expenses, net					(31,784)
Profit before taxation					479,095

4. SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

For the six months ended 30 September 2012

	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	823,140	82,073	905,213	-	905,213
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	823,140	83,484	906,624	(1,411)	905,213
Segment result based on the Adjusted EBITDA	411,484	39,470	450,954		450,954
Bank interest income					10,982
Depreciation of property, plant and equipment					(50,075)
Release of prepaid lease payments					(3,223)
Gain on fair value change in investment properties					47,700
Imputed interest expense on amounts due to non-controlling interests of a subsidiary					(5,816)
Unallocated corporate expenses					(29,091)
Profit before taxation					421,431

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. FINANCE COSTS

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Bank loan arrangement fee	230	–
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	–	5,816
	230	5,816

6. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	261,989	199,783
Depreciation of property, plant and equipment	62,274	50,075
Loss on disposal of property, plant and equipment	1,729	9
Release of prepaid lease payments	3,223	3,223
and after crediting:		
Exchange gain	8,873	1,459
Interest income from:		
– bank deposits	24,946	10,982
– others	25	–
	24,971	10,982

7. TAXATION

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
The charge comprises:		
Macau Complementary Income Tax	52,761	44,130
Deferred taxation	(513)	5,886
	52,248	50,016

The Macau Complementary Income Tax is calculated at the applicable rate of 12% of the estimated assessable profits for both periods.

No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both periods.

8. DIVIDENDS

A dividend of HK\$0.072 per share with an aggregate amount of approximately HK\$93,063,000 was paid to the shareholders of the Company during the Period as the final dividend of 2012/2013. A dividend of HK\$0.06 per share with an aggregate amount of approximately HK\$77,553,000 was paid to the shareholders of the Company during the corresponding period in 2012 as the final dividend of 2011/2012.

The Board has resolved to declare an interim dividend of HK\$0.06 per share for the financial year ending 31 March 2014 (2012/2013: HK\$0.053 per share) amounting to approximately HK\$78,108,000 (2012/2013: HK\$68,505,000).

9. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to the owners of the Company are based on the following data:

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings (profit for the period attributable to the owners of the Company) for the purpose of basic and diluted earnings per share	278,337	231,772

	Six months ended 30 September	
	2013	2012
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,292,715,382	1,292,545,983
Effect of dilutive potential ordinary shares: Share options	1,740,223	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,294,455,605	1,292,545,983

In the prior period, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares for that period.

10. MOVEMENTS OF INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

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

	Investment properties (Unaudited) HK\$'000	Property, plant and equipment (Unaudited) HK\$'000	Prepaid lease payments (Unaudited) HK\$'000
FAIR VALUE/CARRYING AMOUNTS			
At 1 April 2013	450,000	1,255,905	232,587
Additions	–	9,642	–
Disposals	–	(1,729)	–
Depreciation for the period	–	(62,274)	–
Release for the period	–	–	(3,223)
Increase in fair value	5,000	–	–
At 30 September 2013	455,000	1,201,544	229,364

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Trade receivables	245,395	266,963
Less: Allowance for bad and doubtful debts	(40,491)	(40,492)
	204,904	226,471
Chips on hand	82,932	88,331
Other receivables and prepayments	28,356	12,939
	316,192	327,741

11. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period. An aged analysis of the Group's trade receivables (net of allowances) based on the date of credit granted or the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
0 – 30 days	145,455	196,747
31 – 60 days	46,269	4,894
61 – 90 days	–	–
91 – 180 days	–	5,120
Over 180 days	13,180	19,710
	204,904	226,471

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 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Trade payables	37,328	18,941
Construction payables and accruals	11,386	12,609
Other payables and accruals	155,440	133,664
Short-term advance	15,000	15,000
	219,154	180,214

12. TRADE AND OTHER PAYABLES (Continued)

An aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
0 – 30 days	9,630	10,231
31 – 60 days	25,860	7,473
61 – 90 days	1,719	685
91 – 180 days	62	485
Over 180 days	57	67
	37,328	18,941

13. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

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

14. SHARE CAPITAL

	Number of shares (Unaudited)	Share capital (Unaudited) HK\$'000
Ordinary shares of HK\$0.0001 each Issued and fully paid		
As at 1 April 2012 and 30 September 2012	1,292,545,983	129
As at 1 April 2013 Exercise of share options	1,292,545,983 4,500,000	129 1
As at 30 September 2013	1,297,045,983	130

After the end of the Period and up to the date of this report, the Company issued additional 4,750,000 shares upon further exercise of 4,750,000 share options.

15. COMMITMENTS

	As at	
	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Authorised but not contracted for in respect of property, plant and equipment	58,047	58,093
Contracted for but not provided in the condensed consolidated financial statements, net of deposits paid, in respect of property, plant and equipment	2,964	1,417
	61,011	59,510

16. PLEDGE OF ASSETS

Certain assets of the Group were pledged to banks as security for unutilised banking facilities of approximately HK\$2,000,000,000 (31 March 2013: HK\$100,000,000) available to the Group. The carrying values of these assets at the end of the reporting period were as follows:

	As at	
	30 September 2013 (Unaudited) HK\$'000	31 March 2013 (Audited) HK\$'000
Bank deposits	1,990,862	–
Hotel property	796,414	808,760
Investment properties	455,000	450,000
Prepaid lease payments	229,364	232,587
	3,471,640	1,491,347

The Group also pledged a bank deposit of HK\$300,000 (31 March 2013: HK\$300,000) to a bank as security for use of ferry ticket equipment granted by a third party.

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Advertising expenses to related companies	294	224
Commission to Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"), a deemed substantial shareholder of the Company, in the capacity of a patron of the Group's VIP room	641	476
Professional fee expense to a related company	210	210
Purchase of property, plant and equipment and merchandising goods from related companies	393	179
Reimbursement of administrative expenses paid by fellow subsidiaries	4,196	3,701
Rental income from a related company	2,948	2,948

Note: The related companies are ultimately controlled by Albert Yeung Holdings Limited ("AY Holdings") which is held by STC International Limited ("STC International") being the trustee of The Albert Yeung Discretionary Trust ("AY Trust") of which Dr. Albert Yeung is the founder and hence a deemed substantial shareholder of the Company. Ms. Luk Siu Man, Semon ("Ms. Semon Luk"), a Director of the Company, is the spouse of Dr. Albert Yeung.

- (b) The key management personnel of the Company are the Directors. The remuneration paid to them is as follows:

	Six months ended 30 September	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Fees	421	420

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

As at 30 September 2013, the following Directors and chief executive of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company or its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Listing Rules:

(A) LONG POSITIONS INTERESTS IN THE COMPANY

(i) Ordinary shares of HK\$0.0001 each of the Company (the "Shares")

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
Ms. Semon Luk	Interest of spouse	812,632,845 (Note 1)	62.65%

(ii) Share options

Name of Director	Capacity/ Nature of interests	Number of underlying Shares held	Approximate % holding
Mr. Wong Chi Fai ("Mr. Bryan Wong")	Beneficial owner	500,000 (Note 2)	0.04%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	Beneficial owner	5,000,000 (Note 2)	0.39%

Notes:

- These Shares were held by Emperor Entertainment Hotel Holdings Limited ("Emperor E Hotel Holdings"), 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 2013, approximately 74.93% of its issued share capital was held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"). The entire issued share capital of Emperor International Group Holdings is wholly-owned by AY Holdings which is held by STC International, being the trustee of the AY Trust, a discretionary trust set up by Dr. Albert Yeung, who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.
- The share options were granted to the Directors under the share option scheme of the Company adopted on 2 September 2002.

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate % holding
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,610,489 (Note 1)	74.93%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,617,860,000 (Note 1)	52.57%
	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,739,976,907 (Note 1)	66.99%
	New Media Group Holdings Limited ("New Media Group")	Interest of spouse	588,440,000 (Note 1)	68.11%
Mr. Yu King Tin	Emperor W&J	Personal interest	80,000	0.001%

(ii) Share options

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of underlying shares held	Approximate % holding
Mr. Bryan Wong	Emperor International	Beneficial owner	10,769,475 (Note 2)	0.29%
Ms. Vanessa Fan	Emperor International	Beneficial owner	10,769,475 (Note 2)	0.29%

Notes:

- Emperor International, Emperor W&J, Emperor Capital Group and New Media Group are companies with their shares listed in Hong Kong. These respective shares were ultimately owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.
- These were share options granted to Mr. Bryan Wong and Ms. Vanessa Fan, also being the directors of Emperor International, under the share option scheme of Emperor International.

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS *(Continued)*

Save as disclosed above, as at 30 September 2013, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO).

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30 September 2013, so far as is known to any Directors or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of shareholder	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
Emperor International	Interest in a controlled corporation	812,632,845	62.65%
Emperor International Group Holdings	Interest in a controlled corporation	812,632,845	62.65%
AY Holdings	Interest in a controlled corporation	812,632,845	62.65%
STC International	Trustee of the AY Trust	812,632,845	62.65%
Dr. Albert Yeung	Founder of the AY Trust	812,632,845	62.65%

Note: These Shares were the same shares as those set out under Section (A)(i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long position. As at 30 September 2013, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 30 September 2013, the Directors or chief executives of the Company were not aware of any other persons or corporation (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS

The share option scheme adopted by the Company on 2 September 2002 (the “Old Share Option Scheme”) has lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. Following the expiry of the Old Share Option Scheme, no further share options can be granted thereunder but outstanding share options granted under the Old Share Option Scheme shall continue to be valid and exercisable.

In order to ensure the continuity of a share option scheme for the Company to provide incentives or rewards to participants including the Directors and eligible employees of the Group, the shareholders of the Company passed an ordinary resolution at the annual general meeting of the Company held on 8 August 2013 (“AGM”) to approve the adoption of a new share option scheme. No share options were granted thereunder.

Details of outstanding share options under the Old Share Option Scheme and their movements during the Period are set out below:

Name of grantee	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options		
				Outstanding as at 1 April 2013	Exercised during the Period	Outstanding as at 30 September 2013
<u>Director</u>						
Mr. Bryan Wong	11 August 2005	11 August 2005 to 10 August 2015	2.2	5,000,000	(4,500,000)	500,000
Ms. Vanessa Fan	11 August 2005	11 August 2005 to 10 August 2015	2.2	5,000,000	-	5,000,000
				10,000,000	(4,500,000)	5,500,000

During the Period, no option was granted, lapsed nor cancelled under the Old Share Option Scheme.

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. 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 throughout the Period.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements as set out in this interim report have 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.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to the requirements of Rule 13.51B(1) of the Listing Rules, the changes in Directors' information since the date of the 2012/2013 Annual Report are set out below:

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

Positions	Appointment Date	Cessation Date
Ms. Chan Sim Ling, Irene ("Ms. Irene Chan")		
– Independent Non-executive Director	–	8 August 2013
– Audit Committee – chairperson	–	8 August 2013
– Nomination Committee – member	–	8 August 2013
– Corporate Governance Committee – member	–	8 August 2013
Mr. Yu King Tin ("Mr. David Yu")		
– Independent Non-executive Director	8 August 2013	–
– Audit Committee – chairman	8 August 2013	–
– Nomination Committee – member	8 August 2013	–
– Corporate Governance Committee – member	8 August 2013	–

Note: Ms. Irene Chan retired by rotation as Director upon conclusion of the AGM. Mr. David Yu was elected by the shareholders of the Company at the AGM as Director to fill the casual vacancy created by Ms. Irene Chan upon conclusion of the AGM.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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

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

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

Hong Kong, 22 November 2013

As at the date hereof, the Board comprised:

<i>Non-executive Director</i>	:	Ms. Luk Siu Man, Semon
<i>Executive Directors</i>	:	Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa
<i>Independent Non-executive Directors</i>	:	Ms. Chan Wiling, Yvonne Ms. Wan Choi Ha Mr. Yu King Tin

This Interim Report (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website (<http://www.emp296.com>). In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of this Interim Report. Upon written request, a free printed version of Corporate Communication will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.