



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 2016/2017

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FINANCIAL SUMMARY

	Six months ended 30 September		
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000	Changes
Revenue	784,502	873,401	- 10.2%
Gross profit	499,587	576,735	- 13.4%
Profit for the period attributable to owners of the Company	105,145	111,546	- 5.7%
Basic earnings per share	HK\$0.08	HK\$0.09	- 11.1%
Interim dividend per share	HK\$0.025	HK\$0.028	- 10.7%

MANAGEMENT DISCUSSION AND ANALYSIS

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

The downturn in Macau’s gaming market has persisted amid softened China’s economy and a tighter regulatory environment. During the six months ended 30 September 2016 (the “**Period**”), Macau’s gaming revenue declined by 4.1% year-on-year to MOP107,085 million. While the appetite for gaming activities remained tepid, the gaming revenue registered a rise of 1.1% year-on-year in August 2016, reversing the 26-month consecutive contractions and signalling a possible revival for the world’s largest gaming hub.

FINANCIAL REVIEW

Overall Review

The Group’s performance was impacted by challenging conditions in Macau’s gaming market. During the Period, revenue of the Group inevitably declined by 10.2% to HK\$784.5 million (2015: HK\$873.4 million). The Group’s earnings before interest, tax, depreciation and amortisation (“**EBITDA**”) and after non-controlling interests was HK\$180.0 million (2015: HK\$274.1 million). As compared to the same period last year, the implication of both exchange loss and decrease in the valuation of the hotel properties was greatly diminished. As a result, the profit for the Period attributable to the owners of the Company only decreased by 5.7% to HK\$105.1 million (2015: HK\$111.5 million). Basic earnings per share was HK\$0.08 (2015: HK\$0.09). The board of directors of the Company (the “**Board**” or “**Directors**”) declared an interim dividend of HK\$0.025 (2015: HK\$0.028) per share.

Capital Structure, Liquidity and Financial Resources

There was no change in capital structure during the Period. The Group continued to maintain a strong cash position and a healthy financial position, supported by its ongoing and stable cash inflows. The Group funded its operations and capital expenditure by cash generated internally from its operations.

As at 30 September 2016, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$3,706.6 million (31 March 2016: HK\$3,546.0 million), which are mainly denominated in Hong Kong dollars and Macau Patacas.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW *(Continued)*

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

Although the Group recorded an exchange loss after non-controlling interests of HK\$10.8 million as a result of the devaluation of Renminbi during the Period, the impact of such exchange loss was wholly offset by bank interest income after non-controlling interests of HK\$11.6 million.

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

The Group's current assets and current liabilities as at 30 September 2016 were HK\$4,029.3 million and HK\$865.7 million (31 March 2016: HK\$3,871.8 million and HK\$822.6 million), respectively. Advances from non-controlling interests of a subsidiary of the Company amounted to HK\$126.0 million (31 March 2016: HK\$132.0 million), which is denominated in Hong Kong dollars, unsecured, interest-free and repayable at the discretion of non-controlling interests and availability of surplus fund of the subsidiary. Bank borrowings of HK\$488.7 million (31 March 2016: HK\$507.6 million), denominated in Hong Kong dollars, is secured and interest bearing at prevailing market rates and has a fixed repayment term. During the Period, the Group partially repaid the advances from non-controlling interests and bank borrowings in aggregate of HK\$24.9 million. As a result, the gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased to 11.8% (31 March 2016: 12.5%) as of 30 September 2016.

Pledge of Assets

As at 30 September 2016, assets with carrying values of approximately HK\$2.3 billion (31 March 2016: HK\$3.0 billion) were pledged to several banks as security for banking facilities, for a total of approximately HK\$588.7 million (31 March 2016: HK\$1.2 billion) granted to the Group. In addition, the Group has a bank deposit of HK\$0.3 million (31 March 2016: HK\$0.3 million) pledged to a bank as security for the use of ferry ticket equipment provided by a third party to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group currently operates two hotels, Grand Emperor Hotel (“**GEH**”) and Inn Hotel Macau (“**IHM**”), in Macau.

GEH, the Group’s flagship project, on the Peninsula, is an award-winning 26-storey gaming hotel with a gross floor area of approximately 655,000 square feet and 307 guest rooms. It has six gaming floors, covering over 130,000 square feet, and offers slot machines as well as gaming tables in the gaming concourse and the VIP room. 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 comfortable experience for catering the lifestyles of both leisure and business travellers. Through extending coverage from the Peninsula to Taipa, IHM enables the Group to fully capture the potential of Macau’s hospitality market.

Gaming Revenue

The Group’s casino in GEH is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. Given the continued weak sentiment towards the gaming sector during the Period, the Group’s gaming revenue declined moderately to HK\$657.6 million (2015: HK\$739.9 million), accounting for 83.8% of the Group’s total revenue.

Gaming Concourse

The gross win in the gaming concourse fell to HK\$726.3 million (2015: HK\$844.4 million). Revenue from the gaming concourse was HK\$405.4 million (2015: HK\$470.5 million), accounting for 51.7% of the Group’s total revenue. There were 67 tables (2015: 67 tables) in the gaming concourse. Average win per table per day was HK\$59,000 (2015: HK\$69,000).

VIP Room

The Group self-managed a VIP room with 10 tables (2015: 10 tables), with the rolling amount increased to HK\$13.2 billion (2015: HK\$10.2 billion). Revenue from VIP room was HK\$232.6 million (2015: HK\$252.2 million), accounting for 29.6% of the Group’s total revenue. Average win per table per day was HK\$224,000 (2015: HK\$243,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW *(Continued)*

Gaming Revenue *(Continued)*

Slot Machines

The segment recorded a gross win of HK\$41.2 million (2015: HK\$38.8 million), with a capacity of 196 slot seats (2015: 196 slot seats). Segmental revenue was HK\$19.6 million (2015: HK\$17.2 million), accounting for 2.5% of the Group's total revenue. Average win per seat per day was HK\$1,209 (2015: HK\$1,100).

Hotel Revenue

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$126.9 million (2015: HK\$133.5 million), accounting for 16.2% of the total revenue.

As of 30 September 2016, GEH and IHM provided 307 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$800 per night (2015: HK\$1,044 per night) and HK\$383 per night (2015: HK\$496 per night), with occupancy rates of 92% (2015: 86%) and 95% (2015: 90%), respectively. Combined room revenue was HK\$48.7 million (2015: HK\$49.1 million). Combined revenue from food and beverage was HK\$61.6 million (2015: HK\$63.5 million), while the aggregate amount of rental and other revenue was HK\$16.6 million (2015: HK\$20.9 million).

OUTLOOK

As addressed by Macau government in a Five-Year Plan, the city is on the road to reshape itself into a world tourism and leisure hub by introducing more leisure activities and non-gaming elements. The inauguration of upcoming large-scale tourism projects, along with continuous infrastructure improvement, are expected to drive a new wave of visitors and embark Macau on a new phase of development. The Group is cautiously optimistic towards the long term prospects of Macau, riding on its solid fundamentals and long-withstanding position as a premier global gaming and entertainment destination.

The gaming industry in Macau is still susceptible to headwinds including China's cooling economy, regulatory concerns and uncertainties in global monetary regimes. Despite of these challenging conditions, Macau's gross gaming revenue has shown signs of bottoming out since the second half of 2016. The Group remains committed to driving operational excellence through optimising gaming mix, maximising table utilisation and improving operating efficiency, thereby reinforcing its competitive edges to capture full potential in the fascinating city.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2016, the Group's number of employee was 1,191 (31 March 2016: 1,234). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$218.9 million (2015: HK\$218.6 million). Employees' remuneration was determined in accordance with individual's responsibilities, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

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

INTERIM DIVIDEND

The Board declared an interim dividend of HK\$0.025 per share ("**Interim Dividend**") for the financial year ending 31 March 2017 (2015/2016: HK\$0.028 per share) amounting to approximately HK\$32,564,000 (2015/2016: HK\$36,471,000). The Interim Dividend will be payable on 15 December 2016 (Thursday) to shareholders whose names appear on the register of members of the Company on 9 December 2016 (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 8 December 2016 (Thursday) to 9 December 2016 (Friday), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 7 December 2016 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

The Board announces the unaudited condensed consolidated results of the Group for the Period together with the comparative figures for the corresponding period in 2015 as set out below.

		Six months ended 30 September	
	Notes	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Revenue	3	784,502	873,401
Cost of sales		(21,752)	(21,691)
Cost of hotel and gaming operations		(263,163)	(274,975)
Gross profit		499,587	576,735
Other income		20,042	45,288
Fair value changes of investment properties		(24,000)	(10,600)
Other losses	5	(29,632)	(114,597)
Selling and marketing expenses		(200,910)	(176,683)
Administrative expenses		(118,881)	(124,824)
Finance costs	6	(7,217)	(7,319)
Profit before taxation	4&7	138,989	188,000
Taxation	8	(18,027)	(31,662)
Profit for the period		120,962	156,338

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

	Note	Six months ended 30 September	
		2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Other comprehensive income (expense)			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation surplus of hotel property transferred to investment properties		30,500	-
Deferred tax on revaluation surplus of hotel property transferred to investment properties		(3,660)	-
Other comprehensive income for the period		26,840	-
Total comprehensive income for the period		147,802	156,338
Profit for the period attributable to:			
Owners of the Company		105,145	111,546
Non-controlling interests		15,817	44,792
		120,962	156,338
Total comprehensive income for the period attributable to:			
Owners of the Company		121,249	111,546
Non-controlling interests		26,553	44,792
		147,802	156,338
Earnings per share	10		
Basic		HK\$0.08	HK\$0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		As at	
	Notes	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Non-current assets			
Investment properties	11	618,200	664,200
Property, plant and equipment	11	1,373,192	1,374,257
Prepaid lease payments	11	483,405	491,405
Deposits paid for acquisition of property, plant and equipment		4,831	5,752
Goodwill		110,960	110,960
		2,590,588	2,646,574
Current assets			
Inventories, at cost		14,152	13,001
Trade and other receivables	12	293,455	297,706
Prepaid lease payments	11	15,131	15,144
Pledged bank deposits		328	655,718
Short-term bank deposits		–	39,031
Bank balances and cash		3,706,280	2,851,246
		4,029,346	3,871,846
Current liabilities			
Trade and other payables	13	219,635	193,942
Amounts due to fellow subsidiaries		3,887	4,923
Amounts due to non-controlling interests of a subsidiary		126,000	132,000
Taxation payable		475,692	453,912
Bank borrowings – due within one year		40,500	37,800
		865,714	822,577

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	As at 30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Net current assets	3,163,632	3,049,269
Total assets less current liabilities	5,754,220	5,695,843
Non-current liabilities		
Bank borrowings – due after one year	448,200	469,800
Deferred taxation	102,569	102,662
	550,769	572,462
	5,203,451	5,123,381
Capital and reserves		
Share capital	130	130
Reserves	3,496,428	3,442,911
Equity attributable to owners of the Company	3,496,558	3,443,041
Non-controlling interests	1,706,893	1,680,340
	5,203,451	5,123,381

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2016

	Attributable to owners of the Company							Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Property revaluation reserve HK\$'000	Legal reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000		
At 1 April 2015	130	436,765	668	8,478	287	2,855,113	3,301,441	1,612,890	4,914,331
Profit for the period	-	-	-	-	-	111,546	111,546	44,792	156,338
Total comprehensive income for the period	-	-	-	-	-	111,546	111,546	44,792	156,338
2015 final dividend paid in cash	-	-	-	-	-	(78,153)	(78,153)	-	(78,153)
At 30 September 2015	130	436,765	668	8,478	287	2,888,506	3,334,834	1,657,682	4,992,516
At 1 April 2016	130	436,765	668	8,478	287	2,996,713	3,443,041	1,680,340	5,123,381
Profit for the period	-	-	-	-	-	105,145	105,145	15,817	120,962
Revaluation surplus of hotel property transferred to investment properties (note 11)	-	-	-	18,300	-	-	18,300	12,200	30,500
Deferred tax on revaluation surplus of hotel property transferred to investment properties	-	-	-	(2,196)	-	-	(2,196)	(1,464)	(3,660)
Total comprehensive income for the period	-	-	-	16,104	-	105,145	121,249	26,553	147,802
2016 final dividend paid in cash	-	-	-	-	-	(67,732)	(67,732)	-	(67,732)
At 30 September 2016	130	436,765	668	24,582	287	3,034,126	3,496,558	1,706,893	5,203,451

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2016

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Net cash from operating activities	240,735	341,897
Net cash from investing activities	714,018	1,008,533
Net cash used in financing activities	(99,719)	(119,493)
Net increase in cash and cash equivalents	855,034	1,230,937
Cash and cash equivalents at the beginning of the reporting period	2,851,246	674,036
Cash and cash equivalents at the end of the reporting period, representing bank balances and cash	3,706,280	1,904,973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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 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 2016.

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

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016, except as described below.

In the Period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and Hong Kong Accounting Standards (“**HKASs**”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2016.

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKAS 27	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012-2014 cycles

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The application of the above amendments to HKFRSs during the 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.

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

3. REVENUE

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Service income from gaming operation in mass market hall	405,462	470,431
Service income from gaming operation in VIP room	232,554	252,218
Service income from gaming operation in slot machine hall	19,578	17,214
Hotel room income	48,708	49,090
Food and beverage sales	61,609	63,500
Rental income from investment properties	11,993	15,881
Others	4,598	5,067
	784,502	873,401

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

4. SEGMENT INFORMATION

The executive directors of the Company (the “**Executive Directors**”) have been identified as the chief operating decision maker (“**CODM**”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources.

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from mass market hall, VIP room and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analysis. The Executive Directors review the revenues and operating results of gaming operation as a whole. They 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, central administration costs, fair value changes of investment properties and impairment loss on prepaid lease payments (the “**Adjusted EBITDA**”).

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2016

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE					
External revenue	657,594	126,908	784,502	-	784,502
Inter-segment revenue	-	1,411	1,411	(1,411)	-
Total	657,594	128,319	785,913	(1,411)	784,502
Segment result based on the Adjusted EBITDA	229,639	50,448	280,087		280,087
Bank interest income					18,269
Depreciation of property, plant and equipment					(64,973)
Exchange loss at corporate level					(16,632)
Release of prepaid lease payments					(7,565)
Fair value changes of investment properties					(24,000)
Finance costs					(7,217)
Unallocated corporate expenses					(38,980)
Profit before taxation					138,989

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 September 2015

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

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 2016

5. OTHER LOSSES

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Exchange loss	16,632	73,398
Loss arising from misappropriation of funds (note)	13,000	-
Impairment loss on prepaid lease payments	-	41,199
	29,632	114,597

Note: The Group was aware that a senior casino cashier of a subsidiary of the Company in Macau had embezzled some of the chips on hand (“**Misappropriation of Funds**”) of the Group. The matter was reported to The Inspectorate of Macao Judiciary Police and the senior casino cashier was arrested for criminal investigation. Up to the approval date of these condensed consolidated financial statements, the criminal investigation is still on-going and no trial has been taken place.

The Internal Audit Department of the Group had carried out a thorough physical count of the chips on hand to ascertain the amount of funds misappropriated and finally determined that the loss arising from the Misappropriation of Funds amounted to HK\$13,000,000 which was charged to the consolidated statement of profit or loss during the Period. Chips on hand under note 12 “Trade and other receivables” was also adjusted downward by the same amount to reflect such loss for the Period.

6. FINANCE COSTS

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Interest on bank borrowings	7,191	7,251
Bank loan arrangement fee	26	68
	7,217	7,319

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operation (included in selling and marketing expenses)	166,220	144,599
Depreciation of property, plant and equipment	64,973	75,972
Loss on disposal of property, plant and equipment	20	76
Release of prepaid lease payments and after crediting:	7,565	8,290
Bank interest income	18,269	42,982

8. TAXATION

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Macau Complementary Income Tax		
– current tax	21,780	34,172
Deferred taxation	(3,753)	(2,510)
	18,027	31,662

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

No provision for Hong Kong Profits Tax has been made in both periods as the estimated assessable profits for both periods are wholly absorbed by tax losses brought forward in previous years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

9. DIVIDENDS

A dividend of HK\$0.052 per share with an aggregate amount of approximately HK\$67,732,000 was paid to the shareholders of the Company during the Period as the final dividend of 2015/2016. A dividend of HK\$0.06 per share with an aggregate amount of approximately HK\$78,153,000 was paid to the shareholders of the Company during the corresponding period in 2015 as the final dividend of 2014/2015.

The Board has resolved to declare an interim dividend of HK\$0.025 per share for the financial year ending 31 March 2017 (2015/2016: HK\$0.028 per share) amounting to approximately HK\$32,564,000 (2015/2016: HK\$36,471,000).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Earnings		
Earnings (profit for the period attributable to the owners of the Company) for the purpose of basic earnings per share	105,145	111,546
<hr/>		
	Six months ended 30 September	
	2016 (Unaudited)	2015 (Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	1,302,545,983	1,302,545,983

Diluted earnings per share is not presented as the Company does not have any dilutive potential ordinary share for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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

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

FAIR VALUE/CARRYING AMOUNTS	Investment properties (Unaudited) HK\$'000	Property, plant and equipment (Unaudited) HK\$'000	Prepaid lease payments (Unaudited) HK\$'000
At 1 April 2016	664,200	1,374,257	506,549
Additions	–	10,980	–
Disposals	–	(20)	–
Transfer to investment properties (note)	31,800	(852)	(448)
Transfer to property, plant and equipment	(53,800)	53,800	–
Depreciation for the Period	–	(64,973)	–
Release for the Period	–	–	(7,565)
Decrease in fair value	(24,000)	–	–
At 30 September 2016	618,200	1,373,192	498,536

Note: The amount of HK\$31,800,000 includes a revaluation surplus of HK\$30,500,000 upon transfer of property, plant and equipment and prepaid lease payments which was credited to property revaluation reserve and non-controlling interests.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

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

(Continued)

The fair value of the Group's investment properties as at 30 September 2016 has been arrived at on the basis of a valuation carried out on the same date by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards (2012 Edition) issued by the Hong Kong Institute of Surveyors. As at 30 September 2016, 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 transactions prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

During the Period, the Group recognised a decrease in fair value of investment properties of HK\$24,000,000 (2015: HK\$10,600,000).

12. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Trade receivables	187,471	154,241
Less: Allowance for doubtful debts	(31,369)	(32,399)
	156,102	121,842
Chips on hand (note 5)	121,225	148,033
Other receivables and prepayments	16,128	27,831
	293,455	297,706

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

12. 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 credit periods are extended to a longer period. An ageing analysis of the Group's trade receivables (net of allowances) based on the date of credit granted or the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
0 – 30 days	127,172	90,874
31 – 60 days	2,364	16,088
61 – 90 days	2,595	–
91 – 180 days	6,344	1,980
Over 180 days	17,627	12,900
	156,102	121,842

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 2016

13. TRADE AND OTHER PAYABLES

	As at	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Trade payables	20,771	17,854
Chips in custody and deposits from gaming patrons	30,845	20,458
Construction payables and accruals	14,895	15,086
Other payables and accruals	88,932	94,053
Accrued staff costs	46,192	28,491
Short-term advance	18,000	18,000
	219,635	193,942

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 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
0 – 30 days	9,109	8,726
31 – 60 days	10,399	8,404
61 – 90 days	1,028	643
91 – 180 days	91	80
Over 180 days	144	1
	20,771	17,854

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

14. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

The fair values financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

15. CAPITAL COMMITMENTS

	As at	
	30 September 2016 (Unaudited) HK\$'000	31 March 2016 (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	99,767	88,433

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2016

16. PLEDGE OF ASSETS

- (a) As at 30 September 2016, 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 2016 (Unaudited) HK\$'000	31 March 2016 (Audited) HK\$'000
Bank deposits	–	655,393
Hotel properties	1,066,636	1,031,323
Investment properties	618,200	664,200
Prepaid lease payments	498,536	506,549
Others (note)	104,643	99,570
	2,288,015	2,957,035

Note: Others represent floating charges over certain other assets of the Group including principally property, plant and equipment (other than hotel properties), inventories, trade and other receivables and bank balances.

- (b) The Group also had a bank deposit of HK\$328,000 (31 March 2016: HK\$325,000) 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 2016

17. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Advertising fee to a related company	–	54
Commission to Dr. Yeung Sau Shing, Albert (“ Dr. Albert Yeung ”), in his capacity of a patron of the Group’s VIP room	597	361
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	144	186
Reimbursement of administrative expenses to fellow subsidiaries	5,481	5,847
Rental income from a related company	2,070	3,073
Secretarial fee to a related company	200	200

Note: The above related companies and fellow subsidiaries are either controlled by a director of the Company or Albert Yeung Holdings Limited (“**AY Holdings**”) which is the ultimate controlling shareholder of the Company. AY Holdings is held by STC International Limited (“**STC International**”) being the trustee of The Albert Yeung Discretionary Trust (“**AY Trust**”) of which Dr. Albert Yeung is the founder.

- (b) The key management personnel of the Company are the Directors. The details of the remuneration paid to them relating to short-term employee benefits are set out below:

	Six months ended 30 September	
	2016 (Unaudited) HK\$'000	2015 (Unaudited) HK\$'000
Fees	421	421

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

As at 30 September 2016, the following Directors and chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company or its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“EEH Securities Code”):

(A) LONG POSITIONS INTERESTS IN THE COMPANY

Ordinary shares of HK\$0.0001 each of the Company (the “Shares”)

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
Ms. Luk Siu Man, Semon (“Semon Luk”)	Interest of spouse	824,622,845 (Note)	63.31%

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 2016, approximately 74.71% of its issued share capital was held by Emperor International Group Holdings Limited (“**Emperor International Group Holdings**”). The entire issued share capital of Emperor International Group Holdings is wholly-owned by AY Holdings which is held by STC International, being the trustee of the AY Trust, a discretionary trust founded by Dr. Albert Yeung who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

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

(B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Number of interests	Nature of issued ordinary shares held	Approximate % holding
Ms. Semon Luk	Emperor International	Interest of spouse	2,747,610,489 (Note 1)	74.71%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	3,617,860,000 (Note 1)	52.57%
Ms. Fan Man Seung, Vanessa	Emperor International	Beneficial owner	10,500,000	0.29%
Mr. Yu King Tin	Emperor W&J	Beneficial owner	80,000	0.001%

(ii) Debentures

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Amount of debentures held
Ms. Semon Luk	Emperor International	Interest of spouse	HK\$558,000,000 (Note 2)

Notes:

- Emperor International and Emperor W&J are companies with their shares listed on the Stock Exchange. The above shares were ultimately owned by the AY Trust as 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.
- These debentures were ultimately owned by the AY Trust whose founder is Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interest in the same debentures.

Save as disclosed above, as at 30 September 2016, 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 2016, so far as is known to any Directors or chief executives of the Company, the persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO (“DI Register”) or as otherwise notified to the Company were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of shareholder	Capacity/ Nature of interests	Number of Shares/ underlying Shares held	Approximate % holding
Emperor International	Interest in a controlled corporation	824,622,845	63.31%
AY Holdings	Interest in a controlled corporation	824,622,845	63.31%
STC International	Trustee of the AY Trust	824,622,845	63.31%
Dr. Albert Yeung	Founder of the AY Trust	824,622,845	63.31%

Note:

These Shares were the same shares as those set out under Section (A) of “Directors’ and Chief Executives’ Interests and Short Positions in Securities” above.

All interests stated above represent long position. As at 30 September 2016, no short positions were recorded in the DI Register.

Save as disclosed above, as at 30 September 2016, the Directors or chief executives of the Company were not aware of any other persons or corporations (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in Shares or underlying Shares as recorded in the DI Register or as otherwise notified to the Company.



SHARE OPTIONS AND OTHER INFORMATION

SHARE OPTIONS

To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group, the Company has adopted a shares option scheme on 15 August 2013. Since then, no share options were granted thereunder.

CORPORATE GOVERNANCE CODE

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted EEH Securities Code on no less exacting terms than the required standards set out in the Model Code for Securities Transactions of Directors of Listed Issuers (“**Model Code**”) in Appendix 10 of the Listing Rules. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and the EEH Securities Code throughout the Period.

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

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements as set out in this interim report have not been audited or reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, but this report has been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

SHARE OPTIONS AND OTHER INFORMATION

CHANGE OF INFORMATION OF DIRECTORS

Pursuant to the requirements of Rules 13.51B(1) of the Listing Rules, the changes in Directors' information since the date of the 2015/2016 Annual Report are set out below:–

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

Name/Positions	Appointment Date	Cessation Date
Ms. Chan Wiling, Yvonne ("Yvonne Chan")		
– Independent Non-executive Director, Chairperson of Remuneration Committee, member of Audit Committee and Nomination Committee	–	16 August 2016
Ms. Lai Ka Fung, May ("May Lai")		
– Independent Non-executive Director, Chairperson of Remuneration Committee, member of Audit Committee and Nomination Committee	16 August 2016	–

Note: Ms. Yvonne Chan retired by rotation as Director upon conclusion of the annual general meeting of the Company held on 16 August 2016 ("AGM"). Ms. May Lai was elected by the Shareholders at the AGM as Director to fill the casual vacancy created by Ms. Yvonne 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.

SHARE OPTIONS AND OTHER INFORMATION

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

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

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

Hong Kong, 16 November 2016

As at the date hereof, the Board comprised:

Non-executive Director:

Ms. Luk Siu Man, Semon

Executive Directors:

Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Mr. Yu King Tin
Ms. Kwan Shin Luen, Susanna
Ms. Lai Ka Fung, May

This Interim Report (in both English and Chinese versions) is available to any Shareholder either in printed form or on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.emp296.com>). In order to protect the environment, the Company highly recommends Shareholders to elect to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at is-enquiries@hk.tricorglobal.com.