

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 296)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2018 (the “Period”) together with the comparative figures for the corresponding period in 2017 as set out below:

FINANCIAL SUMMARY			
	Six months ended		
	30 September		
	2018	2017	Changes
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
Revenue	<u>665,588</u>	<u>702,122</u>	<u>- 5.2%</u>
Profit attributable to owners of the Company	<u>128,942</u>	<u>118,609</u>	<u>+ 8.7%</u>
Basic earnings per share	<u>HK\$0.10</u>	<u>HK\$0.09</u>	<u>+ 11.1%</u>
Interim dividend per share	<u>HK\$0.028</u>	<u>HK\$0.026</u>	<u>+ 7.7%</u>

* for identification purpose only

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

For the six months ended 30 September 2018

		Six months ended	
		30 September	
		2018	2017
	<i>Notes</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Revenue	3	665,588	702,122
Cost of sales		(18,991)	(18,497)
Cost of hotel and gaming operations		(246,432)	(253,844)
Gross profit		400,165	429,781
Other income		38,188	20,242
Fair value changes of investment properties		14,100	22,400
Other (loss) gain	5	(10,994)	464
Selling and marketing expenses		(140,044)	(150,030)
Administrative expenses		(126,352)	(128,247)
Finance cost	6	(131)	(7,307)
Profit before taxation	4&7	174,932	187,303
Taxation	8	(19,283)	(22,928)
Profit for the period		155,649	164,375
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value change of investments in debt instruments measured at fair value through other comprehensive income		(16,966)	—
Reclassification adjustments for amounts transferred to profit or loss upon disposal of debts instruments at fair value through other comprehensive income		612	—
Other comprehensive expense for the period		(16,354)	—
Total comprehensive income for the period		139,295	164,375

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

For the six months ended 30 September 2018

		Six months ended	
		30 September	
		2018	2017
	<i>Note</i>	(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Profit for the period attributable to:			
Owners of the Company		128,942	118,609
Non-controlling interests		26,707	45,766
		<u>155,649</u>	<u>164,375</u>
Total comprehensive income for the period			
attributable to:			
Owners of the Company		119,130	118,609
Non-controlling interests		20,165	45,766
		<u>139,295</u>	<u>164,375</u>
Earnings per share			
Basic	10	<u>HK\$0.10</u>	<u>HK\$0.09</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		As at	
	30 September		31 March
	2018		2018
<i>Note</i>	(Unaudited)		(Audited)
	<i>HK\$'000</i>		<i>HK\$'000</i>
Non-current assets			
Investment properties	693,400		679,300
Property, plant and equipment	1,278,523		1,265,965
Prepaid lease payments	457,049		464,900
Available-for-sale investments	—		262,965
Debt instruments at fair value through other comprehensive income	388,875		—
Deposits paid for acquisition of property, plant and equipment	14,631		11,625
Goodwill	110,960		110,960
	2,943,438		2,795,715
Current assets			
Inventories, at cost	13,406		14,424
Trade and other receivables	274,884	11	309,249
Available-for-sale investments	—		160,109
Debt instruments at fair value through other comprehensive income	114,628		—
Prepaid lease payments	15,703		15,703
Pledged bank deposits	44,036		334
Short-term bank deposits	824,912		475,516
Bank balances and cash	2,537,570		3,098,510
	3,825,139		4,073,845

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

		As at	
		30 September 2018	31 March 2018
	Note	(Unaudited) HK\$'000	(Audited) HK\$'000
Current liabilities			
Trade and other payables	12	233,610	379,300
Amounts due to fellow subsidiaries		2,558	3,283
Amounts due to non-controlling interests of a subsidiary		98,000	107,600
Taxation payable		<u>409,656</u>	<u>391,561</u>
		<u>743,824</u>	<u>881,744</u>
Net current assets		<u>3,081,315</u>	<u>3,192,101</u>
Total assets less current liabilities		<u>6,024,753</u>	<u>5,987,816</u>
Non-current liability			
Deferred taxation		<u>111,624</u>	<u>111,012</u>
		<u>5,913,129</u>	<u>5,876,804</u>
Capital and reserves			
Share capital		128	130
Reserves		<u>4,006,000</u>	<u>3,989,838</u>
Equity attributable to owners of the Company		<u>4,006,128</u>	3,989,968
Non-controlling interests		<u>1,907,001</u>	<u>1,886,836</u>
Total equity		<u>5,913,129</u>	<u>5,876,804</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2018

1. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2018.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and debt instruments at fair value through other comprehensive income (“FVTOCI”) which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the Period, the Group has adopted, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatorily effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

Summary of effects arising from initial application of HKFRS 15

The Directors reviewed and assessed the effect of application of HKFRS 15 in the current and prior periods and considered that there is no material impact on the timing and amounts of revenue recognised for both periods.

Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	AFS investments (Unaudited) HK\$'000	Debt instruments at FVTOCI (Unaudited) HK\$'000
Closing balance at 31 March 2018 — HKAS 39	423,074	—
Effect arising from initial application of HKFRS 9: Reclassification		
From available-for-sale (“AFS”) investments (note)	(423,074)	423,074
Opening balance at 1 April 2018 — HKFRS 9	—	423,074

Note:

AFS investments

From AFS debt investments to FVTOCI

Listed bonds with a fair value of HK\$423,074,000 were reclassified from AFS investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows and selling of these assets and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. Related fair value losses of HK\$834,000 continued to accumulate in the investment revaluation reserve as at 1 April 2018.

Except as described above, the application of other new and amendments to HKFRSs in the Period has had no material effect on the amounts reported in these unaudited condensed consolidated financial statements and/or disclosures set out in these unaudited 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 2018 (Unaudited) HK\$'000
Recognised over time:	
Service income from gaming operation in mass market hall	309,754
Service income from gaming operation in VIP room	217,352
Service income from gaming operation in slot machine hall	19,571
Hotel room income	49,901
Others	3,250
	<hr/>
	599,828
	<hr/>
Recognised at a point in time:	
Food and beverage sales	54,509
Others	1,016
	<hr/>
	55,525
	<hr/>
Revenue from contracts with customers	655,353
	<hr/>
Rental income from investment properties	10,235
	<hr/>
	665,588
	<hr/> <hr/>

4. SEGMENT INFORMATION

The executive Directors (the "Executive Directors") have been identified as the chief operating decision maker ("CODM"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from mass market hall, VIP room and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analysis. The Executive Directors review the revenues and operating results of gaming operation as a whole and have identified the operating and reportable segments under HKFRS 8 as gaming operation and hotel operation.

4. SEGMENT INFORMATION *(Continued)*

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) gain at corporate level, loss on disposal of debts instruments at FVTOCI and fair value changes of investment properties (the "Adjusted EBITDA").

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

4. SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported as below:

Segment revenue and results

For the six months ended 30 September 2018

	Gaming operation (Unaudited) <i>HK\$'000</i>	Hotel operation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>	Elimination (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	546,677	118,911	665,588	—	665,588
Inter-segment revenue	—	811	811	(811)	—
Total	<u>546,677</u>	<u>119,722</u>	<u>666,399</u>	<u>(811)</u>	<u>665,588</u>
Segment result based on the Adjusted EBITDA	<u>165,133</u>	<u>29,602</u>	<u>194,735</u>		194,735
Bank interest income					21,212
Interest income from debts instruments at FVOCI					15,728
Depreciation of property, plant and equipment					(51,255)
Exchange loss at corporate level					(10,994)
Release of prepaid lease payments					(7,851)
Loss on disposal of debt instruments at FVOCI					(612)
Fair value changes of investment properties					14,100
Finance cost					<u>(131)</u>
Profit before taxation					<u>174,932</u>

4. SEGMENT INFORMATION (Continued)
For the six months ended 30 September 2017

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
SEGMENT REVENUE					
External revenue	586,580	115,542	702,122	—	702,122
Inter-segment revenue	—	811	811	(811)	—
Total	<u>586,580</u>	<u>116,353</u>	<u>702,933</u>	<u>(811)</u>	<u>702,122</u>
Segment result based on the Adjusted EBITDA	<u>194,928</u>	<u>24,284</u>	<u>219,212</u>		219,212
Bank interest income					18,551
Depreciation of property, plant and equipment					(58,158)
Exchange gain at corporate level					464
Release of prepaid lease payments					(7,859)
Fair value changes of investment properties					22,400
Finance cost					<u>(7,307)</u>
Profit before taxation					<u>187,303</u>

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as it is not regularly provided to the Executive Directors for review.

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for both periods.

5. OTHER (LOSS) GAIN

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Exchange (loss) gain	<u>(10,994)</u>	<u>464</u>

6. FINANCE COST

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank borrowing	—	7,307
Bank loan arrangement fee	131	—
	<u>131</u>	<u>7,307</u>

7. PROFIT BEFORE TAXATION

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Allowance for doubtful debts	4,931	—
Commission expenses in gaming operation (included in selling and marketing expenses)	110,096	122,284
Depreciation of property, plant and equipment	51,255	58,158
Loss on disposal of property, plant and equipment	172	157
Loss on disposal of debt instruments at FVTOCI	612	—
Release of prepaid lease payments	7,851	7,859
and after crediting:		
Bank interest income	21,212	18,551
Interest income from debt instruments at FVTOCI	15,728	—

8. TAXATION

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau Complementary Income Tax		
— current tax	18,701	21,337
Hong Kong Profits Tax		
— overprovision in prior year	(30)	—
Deferred taxation	612	1,591
	<u>19,283</u>	<u>22,928</u>

8. TAXATION *(Continued)*

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

No provision for Hong Kong Profits Tax is made in the current period as the Group did not have any estimated assessable profits for the Period.

No provision for Hong Kong Profits Tax was made in the prior period as the estimated assessable profits for that period were wholly absorbed by tax losses brought forward in previous years.

9. DIVIDENDS

A dividend of HK\$0.057 per share with an aggregate amount of approximately HK\$73,631,000 was paid to the shareholders of the Company during the Period as the final dividend of 2017/2018. A dividend of HK\$0.057 per share with an aggregate amount of approximately HK\$74,245,000 was paid to the shareholders of the Company during the corresponding period in 2017 as the final dividend of 2016/2017.

The Board has declared an interim dividend of HK\$0.028 (2017: HK\$0.026) per share amounting to approximately HK\$35,979,000 (2017: HK\$33,866,000).

10. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Earnings (profit for the period attributable to owners of the Company) for the purpose of basic earnings per share	<u><u>128,942</u></u>	<u><u>118,609</u></u>
	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	<u><u>1,295,068,251</u></u>	<u><u>1,302,545,983</u></u>

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

11. TRADE AND OTHER RECEIVABLES

	As at	
	30 September 2018 (Unaudited) <i>HK\$'000</i>	31 March 2018 (Audited) <i>HK\$'000</i>
Trade receivables	143,349	135,717
Less: Allowance for doubtful debts	<u>(22,940)</u>	<u>(18,009)</u>
	120,409	117,708
Chips on hand	113,207	151,712
Other receivables and prepayments	<u>41,268</u>	<u>39,829</u>
	<u><u>274,884</u></u>	<u><u>309,249</u></u>

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 allowance) based on the date of credit granted or the invoice date at the end of the reporting period is set out below:

	As at	
	30 September 2018 (Unaudited) <i>HK\$'000</i>	31 March 2018 (Audited) <i>HK\$'000</i>
0–30 days	71,929	95,489
31–60 days	32,112	4,776
61–90 days	341	595
91–180 days	1,335	2,504
Over 180 days	<u>14,692</u>	<u>14,344</u>
	<u><u>120,409</u></u>	<u><u>117,708</u></u>

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

12. TRADE AND OTHER PAYABLES

	As at	
	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
Trade payables	12,501	14,997
Chips in custody and deposits from gaming patrons	30,710	56,878
Construction payables and accruals	21,272	11,386
Other payables and accruals	95,635	83,184
Payables for acquisition of AFS investments	—	156,741
Accrued staff costs	55,492	38,114
Short-term advance	18,000	18,000
	<u>233,610</u>	<u>379,300</u>

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

	As at	
	30 September 2018 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
0–30 days	8,441	9,183
31–60 days	4,060	5,696
61–90 days	—	15
91–180 days	—	62
Over 180 days	—	41
	<u>12,501</u>	<u>14,997</u>

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

13. EVENT AFTER THE END OF THE REPORTING PERIOD

On 8 October 2018, the Group entered into a sale and purchase agreement with a substantial shareholder of Luck United Holding Limited (“Luck United”), a non-wholly owned subsidiary of the Company, for acquisition of its entire 15% equity interest in Luck United and the relevant shareholder's loan due to this shareholder at a cash consideration of HK\$460,000,000 (the “Acquisition”). Upon completion of the Acquisition on 19 October 2018, the fair value of the 15% net asset value of Luck United acquired by and the relevant shareholder's loan assigned to the Group were in total of HK\$753,935,000. This resulted in a discount on the Acquisition amounting to HK\$293,935,000 (being the difference between the aggregate of the 15% net asset value acquired by and the shareholder's loan assigned to the Group and the total consideration paid) which has been credited to reserves account upon its completion. Since then, the Group increased its equity interest in Luck United from 60% to 75%.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in provision of entertainment and hospitality services in Macau.

MARKET REVIEW

During the Period, Macau's gaming market exhibited healthy growth with an increase in gross gaming revenue of 13.6% to MOP147.5 billion. The growth was primarily driven by incremental visitation due to the openings of large-scale resorts in Cotai. While the new gaming offerings are proving popular, the number of overnight visitors witnessed steady growth, reflecting the progress towards the Chinese government's initiative of positioning Macau as a world tourism and leisure hub. However, the market share of Macau Peninsula, the city's traditional gaming zone, has been inevitably overshadowed by the large-scale resorts in Cotai.

FINANCIAL REVIEW

Overall Review

During the Period, the Group reported a revenue of HK\$665.6 million (2017: HK\$702.1 million). Profit for the Period attributable to the owners of the Company increased by 8.7% to HK\$128.9 million (2017: HK\$118.6 million). Basic earnings per share increased to HK\$0.10 (2017: HK\$0.09). The Board has declared an interim dividend of HK\$0.028 (2017: HK\$0.026) per share.

Capital Structure, Liquidity and Financial Resources

During the Period, the Company had repurchased its own shares from the market in total of 17,595,000 shares at an aggregate consideration (before transaction costs and expenses) of HK\$29.2 million with average price of HK\$1.662 per share. Having considered the Group's cash reserves, the Directors believe the share repurchases would optimise capital structure of the Company and recognise value to its shareholders. At the end of the reporting period, these repurchased shares had been cancelled and the total number of issued shares of the Company was reduced to 1,284,950,983 shares and the issued share capital was HK\$128,000 (31 March 2018: HK\$130,000).

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. For the commercial benefit of the Group, the Group invested in certain high-yield listed corporate bonds with carrying value of HK\$503.5 million as of 30 September 2018 (31 March 2018: HK\$423.1 million). These listed corporate bonds are denominated in United States dollar and Renminbi ("RMB") with a maturity period from 1 to 3 years. As at 30 September 2018, aggregate of bank balances and cash, short-term bank deposits and pledged bank deposits of the Group amounted to HK\$3,406.5 million (31 March 2018: HK\$3,574.4 million), which are mainly denominated in Hong Kong dollars, United States dollars and Macau Patacas. The Group is exposed to foreign exchange risk principally caused by fluctuation in RMB exchange rate. The management closely monitors its overall foreign exchange exposure and considers to adopt appropriate measures to mitigate this risk when necessary.

The Group's current assets and current liabilities as at 30 September 2018 were HK\$3,825.1 million and HK\$743.8 million (31 March 2018: HK\$4,073.8 million and HK\$881.7 million), respectively. As at 30 September 2018, the advances from non-controlling interests of a subsidiary of the Company amounted to HK\$98.0 million (31 March 2018: HK\$107.6 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. The gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) decreased to 1.7% (31 March 2018: 1.8%).

Pledge of Assets

As at 30 September 2018, assets with carrying values of approximately HK\$2.3 billion (31 March 2018: HK\$2.3 billion) were pledged to several banks as security for banking facilities, for a total of HK\$100.0 million (31 March 2018: HK\$100.0 million) granted to the Group. In addition, the Group has bank deposits in aggregate of HK\$44.0 million (31 March 2018: HK\$0.3 million) pledged to banks as security for i) obtaining a bank guarantee in amount of MOP45.0 million (equivalent to HK\$43.7 million) which is made in favour of Sociedade de Jogos de Macau, S.A. ("SJM") for the Group's fulfilment of all its obligations, in particular for reimbursement by the Group to SJM of the employee's salaries and benefits for those gaming operation employees employed by SJM who work for the casino where the Group provides services to SJM, as stipulated under the service agreement entered into between SJM and the Group; and ii) the use of ferry ticket equipment provided by a third party to the Group.

BUSINESS REVIEW

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

GEH, the Group's flagship project, located on the Macau Peninsula, is an award-winning 26-storey gaming hotel with a gross floor area of approximately 655,000 square feet and 311 guest rooms. It has six gaming floors, covering over 130,000 square feet, and offers slot machines as well as gaming tables in the gaming concourse and the VIP room. In addition, GEH offers a wide range of amenities including fitness centre, sauna and spa facilities, as well as five restaurants and bars boasting fine cuisines from all around the world. With strong commitment to providing guests with unparalleled entertainment and hospitality experiences, the Group delivers consistently top-quality services that translate into high levels of customer satisfaction and loyalty.

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 Macau Peninsula to Taipa, IHM enables the Group to fully capture the potential of Macau's hospitality market.

Gaming Revenue

The Group's casino in GEH is operated under the gaming licence held by SJM. During the Period, the Group's gaming revenue declined slightly to HK\$546.7 million (2017: HK\$586.6 million). While VIP segment delivered stable performance, gaming concourse segment was lacklustre as a result of capacity expansion in Cotai. Nevertheless, the Group strived to enhance the table yield and improve customer segmentation, which enabled the Group to mitigate, to a certain extent, the impact of heightened competition.

Gaming Concourse

The gross win in the gaming concourse was HK\$552.3 million (2017: HK\$626.5 million) and revenue from the gaming concourse was HK\$309.8 million (2017: HK\$350.6 million), accounting for 46.5% of the Group's total revenue. There were 67 (2017: 67) tables in the gaming concourse. Average win per table per day was HK\$45,000 (2017: HK\$51,000).

VIP Room

The Group self-managed a VIP room with 10 (2017: 10) tables. The rolling amount was HK\$9.7 billion (2017: HK\$10.4 billion). Revenue from the VIP room was HK\$217.4 million (2017: HK\$217.9 million), accounting for 32.7% of the Group's total revenue. Average win per table per day was HK\$209,000 (2017: HK\$210,000).

Slot Machines

With a capacity of 170 (2017: 155) slot seats, the gross win from slot machines increased to HK\$41.2 million (2017: HK\$38.1 million). Revenue from the slot machines increased to HK\$19.5 million (2017: HK\$18.1 million), accounting for 2.9% of the Group's total revenue. Average win per seat per day was HK\$1,332 (2017: HK\$1,339).

Hotel Revenue

The Group's hotel revenue derives from the hospitality income of GEH and IHM. The hotel revenue was HK\$118.9 million (2017: HK\$115.5 million), accounting for 17.9% of the total revenue.

As of 30 September 2018, GEH and IHM provided 311 and 287 guest rooms, respectively. During the Period, the average room rates of GEH and IHM were HK\$884 (2017: HK\$833) per night and HK\$499 (2017: HK\$441) per night, with occupancy rates of 93% (2017: 91%) and 93% (2017: 94%), respectively. Combined room revenue was HK\$49.9 million (2017: HK\$46.1 million). Combined revenue from food and beverage was HK\$54.5 million (2017: HK\$53.8 million), while the aggregate amount of rental income and other revenue was HK\$14.5 million (2017: HK\$15.6 million).

OUTLOOK

As Sino-US trade conflicts and currency volatility remains a concern, the Group is aware of the macroeconomic situation and its implication towards the market sentiment in the near term. Nevertheless, the Group is still positive regarding the long-term growth prospects for Macau's gaming market given the increasing visitation and penetration of Chinese tourists to the city. The improvement in transport link connecting the Chinese mainland and Macau also provides an underlying support for a sustained growth. The Group is devoted to leverage on its competitive advantages and capture value-creating opportunities in Macau.

Looking ahead, the Group will strive to capture the market opportunities by enhancing its VIP business, which has been its core strength. The Group will also reinforce the customer segmentation, in order to further penetrate the premium mass market in which the Group sees potential in the long term. Meanwhile, the Group will continue to engage with customers proactively so as to keep up with evolving customer expectations and ensure long-term satisfaction.

EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the Period, the Group made an acquisition from a substantial shareholder of Luck United, a non-wholly owned subsidiary of the Company, of its entire 15% equity interest in Luck United and the relevant shareholder's loan at a total consideration of HK\$460.0 million. Upon completion of the Acquisition on 19 October 2018, the Group increased its stake to 75% in Luck United, which in recent years, continued to achieve stable performance in entertainment and hospitality services in Macau and generated recurrent income stream for the Group. The Acquisition can realise the expansion of such good investment opportunity and enable the Group to utilise financial resources efficiently.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group's number of employees was 1,138 (31 March 2018: 1,164). Total staff costs including Directors' remuneration and the other staff costs for the Period were HK\$217.3 million (2017: HK\$216.4 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. The Company adopted a share option scheme to provide incentive or reward to staff.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK\$0.028 per share (“Interim Dividend”) (2017: HK\$0.026 per share) amounting to approximately HK\$35,979,000 (2017: HK\$33,866,000). The Interim Dividend will be payable on 21 December 2018 (Friday) to shareholders whose names appear on the register of members of the Company on 14 December 2018 (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 13 December 2018 (Thursday) to 14 December 2018 (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 12 December 2018 (Wednesday).

REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE

Corporate Governance Code

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

Model Code for Securities Transactions

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

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

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

During the Period, the Company repurchased a total of 17,595,000 shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$29,339,000 (including the relevant transaction costs and expenses of approximately HK\$96,000). All the repurchased shares were subsequently cancelled.

Particulars of the repurchases during the Period are as follows:

Months of share repurchase	Number of shares repurchased	Highest price paid per share <i>HK\$</i>	Lowest price paid per share <i>HK\$</i>	Aggregate consideration paid (before expenses) <i>HK\$</i>
April 2018	1,935,000	1.74	1.65	3,345,800
June 2018	4,855,000	1.72	1.68	8,256,400
July 2018	3,465,000	1.71	1.65	5,838,250
August 2018	<u>7,340,000</u>	1.72	1.59	<u>11,802,650</u>
Total	<u>17,595,000</u>			<u>29,243,100</u>

The repurchases were made with a view to optimise capital structure of the Company and recognise value to its shareholders.

Save as disclosed above, during the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

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

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

Hong Kong, 28 November 2018

As at the date hereof, the Board comprises:

Non-executive Director: Ms. Luk Siu Man, Semon

Executive Directors: Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors: Mr. Yu King Tin
Ms. Kwan Shin Luen, Susanna
Ms. Lai Ka Fung, May