



*Orchestrating a future of glitz and glitter*



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  
2010/2011

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## FINANCIAL HIGHLIGHTS

	Six months ended 30 September	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Revenue	618,143	417,684
EBITDA:		
Before minority interests	244,110	149,560
After minority interests	173,165	83,439
Gain (loss) on fair value change in investment properties	63,207	(2,800)
Profit for the period attributable to owners of the Company	170,020	51,275
Earnings per share – Basic and diluted	HK\$0.13	HK\$0.05

## MANAGEMENT DISCUSSION AND ANALYSIS

Emperor Entertainment Hotel Limited (the “Company”) and its subsidiaries (collectively refer to as the “Group”) principally engages in provision of entertainment and hospitality services in Macau.

### MARKET REVIEW

Despite the uncertainties overshadowing the general gaming industry in Macau with speculation about the PRC government taking action against the burgeoning gaming industry early this year, the gaming sector in Macau has expanded aggressively with total revenue growth of over 50% for the six months ended 30 September 2010 (the “Period”), comparing the same period last year. Meanwhile, Macau is still one of the top destinations for Chinese people travelling abroad. The total number of visitors to Macau amounted to 12.5 million during the Period, 19.6% more than the same period last year. The number of mainland visitors increased by 25.7% to 6.5 million. Given that Macau derives most of its revenue from mainland visitors, Renminbi appreciation is positive for spending in Macau.

### FINANCIAL REVIEW

#### Overall Review

Riding on the steady recovery of global economic and strong growth of gaming and entertainment industry in Macau, the Group achieved satisfactory results for the Period.

During the Period, the Group reported revenue of approximately HK\$618.1 million, representing an increase of 48.0%. Thanks to the Group’s high operating efficiency and economy of scale, the Group’s earnings before interest, tax, depreciation and amortisation (“EBITDA”) and after minority interests amounted to HK\$173.2 million, representing a significant surge of 107.5%. Profit for the Period attributable to owners of the Company increased by 231.6% to HK\$170.0 million. Basic earnings per share amounted to HK\$0.13.

#### Liquidity and Financial Resources

During the Period, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 30 September 2010, advances from minority shareholders of a subsidiary of the Company were approximately HK\$266.9 million, which were denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiary has surplus fund. The Group has no bank borrowings with low gearing ratio, optimizing its financial position and minimizing its exposure to interest rate risk.

The Group’s current assets and current liabilities as at 30 September 2010 were HK\$1,081.8 million and HK\$572.3 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) further decreased by 0.8 percentage point to 6.6% (31 March 2010: 7.4%) as at 30 September 2010.

## **FINANCIAL REVIEW (Continued)**

### **Liquidity and Financial Resources (Continued)**

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. During the Period, the Group was able to maintain its strong and healthy financial position. Bank balances and cash on hand of the Group as at 30 September 2010 amounted to HK\$721.0 million, which were mainly denominated in Hong Kong dollars and Macau Pataca. With the borrowings and bank balances and cash on hand denominated in Hong Kong dollars and Macau Pataca, the Group did not experience any significant exposure to foreign exchange rate fluctuation during the Period.

### **Pledge of Assets**

As at the end of the Period, assets with carrying values of approximately HK\$1.4 billion were pledged to a bank as security for unutilised banking facilities available to the Group.

## **BUSINESS REVIEW**

During the Period, the Group continued to implement its strategic development plan and achieved steady growth across all business lines.

### **Gaming and Hotel Operations**

The Group's flagship project, Grand Emperor Hotel in Macau (the "Hotel"), had been providing solid contributions since its commencement of operations in January 2006. The Hotel, located at the heart of Macau's city centre, has 136,660 square feet of gaming space spreading over seven floors offering slot as well as table games in gaming concourse and VIP rooms.

Supported by the satisfactory performance of gaming industry during the Period, revenue from the gaming and hotel operations segment amounted to HK\$618.1 million (2009: HK\$417.7 million), an increase of 48.0% over the same period last year.

### *Gaming Revenue*

The Group's casino operation is run by licence holder Sociedade de Jogos de Macau, S.A. Gaming revenue for the Period amounted to HK\$544.7 million (2009: HK\$339.1 million), accounting for 88.1% of the Group's total revenue.

### *Gaming Concourse*

During the Period, this segment contributed a gross win of HK\$557.9 million (2009: HK\$431.5 million) with 60 tables in the gaming concourse. Benefiting from the Group's established brand name, this revenue segment increased by 64.7% to HK\$312.8 million (2009: HK\$189.9 million), accounting for 50.6% of the Group's total revenue. Average win for the Period was approximately HK\$51,000 per table per day (2009: HK\$41,000).

## BUSINESS REVIEW (Continued)

### Gaming and Hotel Operations (Continued)

#### *Slot Machines*

It recorded a gross win of HK\$46.8 million (2009: HK\$39.3 million) with 331 slot seats in the Hotel. This revenue segment increased by 24.2% to HK\$20.4 million (2009: HK\$16.4 million), accounting for 3.3% of the Group's total revenue. Average win for the Period was approximately HK\$770 per seat per day (2009: HK\$690).

#### *VIP rooms*

The Group self-manages two VIP rooms with a total of 14 tables. The VIP rooms had rolling of HK\$13.4 billion (2009: HK\$9.5 billion). Revenue was approximately HK\$211.5 million (2009: HK\$132.8 million), accounting for 34.2% of the Group's total revenue. Average win per table per day was approximately HK\$146,000 (2009: HK\$162,000).

#### *Hotel Revenue*

The Group reported a steady performance during the Period. Riding on the prestigious reputation of the Hotel and the premium quality of its services, it is well received among Hong Kong and mainland visitors. Owing to the keen market competition, marketing strategies were implemented to expand guests base and widen income source. During the Period, the Group has actively partnered with tour operators, particularly for Japanese visitors.

During the Period, this segment has recorded a revenue of HK\$73.4 million (2009: HK\$78.6 million), accounting for 11.9% of the Group's total revenue. The market had responded favourably to the festival promotion and privilege packages offered by the Hotel. With a total of 291 guest rooms in the Hotel, an average daily rate of HK\$820 (2009: HK\$760), and the high occupancy rate of 88% (2009: 75%), room revenue amounted to HK\$29.6 million. Revenue from food and beverage was HK\$32.4 million, while rental revenue from sauna, night club, leased-out VIP room and retail space was HK\$11.4 million.

#### **Property Development**

Located in Yu Yuan, Huang Pu District, Shanghai, the property will be developed into a shopping arcade and hotel or service apartment complex at the prime site of 246,200 sq. ft., which is adjacent to the new Shanghai M10 subway route. Its foundation and basement excavation work for the development has been completed. The main body of the complex will be a multi-storey shopping arcade with an expected total gross area of 1,298,500 sq. ft.

During the Period, this segment has recorded no revenue because such development project has remained under development.

The project, being located in the prime retail and signature tourist area of Shanghai, is expected to set as a top-brand commercial complex in Shanghai and generate stable rental revenue for the Group. The Group is awaiting the outcome of the litigation set out in the section headed "Contingent Liabilities" below in relation to the cancellation of a joint venture concerning the development of the project. In the meantime, the Group is reviewing the mall design and planning to award contracts for the development after appointment of international consultants.

## OUTLOOK

With the rapid expansion of China's economy, the levels of tourism and income per capita will be the key drivers of the gaming industry in Macau. In light of the various large-scale infrastructure and transportation projects including ferry terminal and rail transit carried out by the Macau Government, it is expected that the number of visitors and gaming revenue will continue to grow in the coming years.

The Group is ready to capitalise on the huge market potential. Leveraging the prestigious reputation of "Emperor" among Chinese communities, the Group will strengthen its marketing efforts, implement effective management strategies, and enhance its operating efficiencies to boost its market share.

## CONTINGENT LIABILITIES

In October 2006, the Group commenced legal proceedings against the joint venture partner ("JV Partner") in Shanghai, the PRC, for termination of the joint venture agreement ("JV Agreement") in respect of the development of the Group's property in Shanghai as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK\$96.8 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$115.8 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner's counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case was still in the progress as at the end of the Period.

In January 2007, the Group was sued jointly with its contractor for approximately MOP3.5 million (equivalent to approximately HK\$3.4 million) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Hotel when the hotel was under renovation. The insurance company of the contractor has recently agreed to pay the plaintiff MOP1.2 million (equivalent to approximately HK\$1.2 million) in full settlement of the plaintiff's claim and thus no provision was made by the Group.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2010, the Group's number of employee was 977 as compared to 965 as at the end of the preceding financial year. Total staff costs including directors' remuneration for the Period were approximately HK\$122.9 million (2009: HK\$63.1 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 the staff, the Company adopted a share option scheme on 2 September 2002. During the Period, the Company did not grant any option under the share option scheme and the outstanding share options as at the end of the Period was 10,000,000 share options which were granted to certain directors of the Company in August 2005.

## **INTERIM DIVIDEND**

The board of directors (the "Board" or "Directors") of the Company recommended to pay an interim dividend of HK\$0.04 per share ("Dividend") for the financial year ending 31 March 2011 (2009/2010: HK\$0.025 per share) and seek shareholders' approval on the declaration of the Dividend at the forthcoming special general meeting to be convened by the Board. The Company will issue a separate announcement later in respect of the Dividend payment date.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company will notify the shareholders of the Company later by a separate announcement in respect of the closure of register of members for the purpose of determining shareholders' entitlement to the Dividend.



## Condensed Consolidated Statement of Comprehensive Income

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the Period together with the comparative figures for the corresponding period as set out below.

*For the six months ended 30 September 2010*

	Notes	Six months ended 30 September	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Revenue	3	618,143	417,684
Cost of sales		(15,169)	(14,785)
Cost of hotel and gaming operations		(170,870)	(103,576)
Gross profit		432,104	299,323
Other income		4,807	4,048
Gain (loss) on fair value change in investment properties		63,207	(2,800)
Selling and marketing expenses		(174,576)	(137,731)
Administrative expenses		(66,187)	(60,329)
Finance costs		(7,057)	(10,774)
Profit before taxation	5	252,298	91,737
Taxation	6	(34,989)	(13,060)
Profit for the period	4	217,309	78,677
Other comprehensive income: Exchange differences arising on translation of foreign operations		7,522	424
Other comprehensive income for the period (net of tax)		7,522	424
Total comprehensive income for the period		224,831	79,101
Profit for the period attributable to:			
Owners of the Company		170,020	51,275
Minority interests		47,289	27,402
		217,309	78,677
Total comprehensive income attributable to:			
Owners of the Company		177,542	51,699
Minority interests		47,289	27,402
		224,831	79,101
Earnings per share – Basic and diluted	7	HK\$0.13	HK\$0.05

## Condensed Consolidated Statement of Financial Position

As at 30 September 2010

		<b>30 September</b>	<b>As at</b>
	<i>Notes</i>	<b>2010</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 March</b> <b>2010</b> <b>(Restated)</b> <b>HK\$'000</b>
<b>Non-current assets</b>			
Investment properties	9	1,692,100	1,617,800
Property, plant and equipment	9	1,158,739	1,183,571
Deposits paid for acquisition of property, plant and equipment		3,985	5,257
Goodwill		110,960	110,960
		<b>2,965,784</b>	<b>2,917,588</b>
<b>Current assets</b>			
Inventories, at cost		6,443	6,741
Trade and other receivables	10	354,060	302,637
Pledged bank deposit		300	300
Bank balances and cash		720,956	573,398
		<b>1,081,759</b>	<b>883,076</b>
<b>Current liabilities</b>			
Trade and other payables	11	355,423	290,944
Amount due to a fellow subsidiary		–	2,435
Amounts due to minority shareholders of a subsidiary		100,477	117,028
Taxation payable		116,382	96,686
		<b>572,282</b>	<b>507,093</b>
<b>Net current assets</b>		<b>509,477</b>	<b>375,983</b>
<b>Total assets less current liabilities</b>		<b>3,475,261</b>	<b>3,293,571</b>
<b>Non-current liabilities</b>			
Amounts due to minority shareholders of a subsidiary		166,435	162,334
Deferred taxation		231,072	215,779
		<b>397,507</b>	<b>378,113</b>
		<b>3,077,754</b>	<b>2,915,458</b>
<b>Capital and reserves</b>			
Share capital		129	129
Reserves		2,587,491	2,471,991
<b>Equity attributable to owners of the Company</b>		<b>2,587,620</b>	<b>2,472,120</b>
Minority interests		490,134	443,338
		<b>3,077,754</b>	<b>2,915,458</b>

## Condensed Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended 30 September 2010

	Attributable to owners of the Company											Minority interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Property revaluation reserve HK\$'000	Share option reserve HK\$'000	Legal reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000			
As at 1 April 2009	101	188,585	668	828,134	8,478	3,964	287	61,972	624,657	1,716,846	460,429	2,177,275	
Profit for the period	-	-	-	-	-	-	-	-	51,275	51,275	27,402	78,677	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	424	-	424	-	424	
Total comprehensive income for the period	-	-	-	-	-	-	-	424	51,275	51,699	27,402	79,101	
Issue of shares	28	222,217	-	-	-	-	-	-	-	222,245	-	222,245	
Arising on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	(96,385)	(96,385)	
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	15,991	15,991	
2009 final dividend paid in cash	-	-	-	(23,266)	-	-	-	-	-	(23,266)	-	(23,266)	
As at 30 September 2009	129	410,802	668	804,868	8,478	3,964	287	62,396	675,932	1,967,524	407,437	2,374,961	
As at 1 April 2010	129	410,802	668	772,554	8,478	3,964	287	63,303	1,211,935	2,472,120	443,338	2,915,458	
Profit for the period	-	-	-	-	-	-	-	-	170,020	170,020	47,289	217,309	
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	7,522	-	7,522	-	7,522	
Total comprehensive income for the period	-	-	-	-	-	-	-	7,522	170,020	177,542	47,289	224,831	
Reversal of deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(493)	(493)	
2010 final dividend paid in cash	-	-	-	(62,042)	-	-	-	-	-	(62,042)	-	(62,042)	
As at 30 September 2010	129	410,802	668	710,512	8,478	3,964	287	70,825	1,381,955	2,587,620	490,134	3,077,754	

## Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2010

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Net cash from operating activities	251,455	181,852
Net cash used in investing activities	(22,228)	(26,078)
Net cash used in financing activities	(82,042)	(200,890)
Net increase (decrease) in cash and cash equivalents	147,185	(45,116)
Cash and cash equivalents at the beginning of the period	573,398	527,380
Effect of foreign exchange rate changes	373	2
Cash and cash equivalents at the end of the period		
Bank balances and cash	720,956	482,266

## Notes to the Condensed Consolidated Financial Statements

### 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 on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

### 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 appropriate.

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 2010, except as described below.

In the Period, the Group has applied, for the first time, certain new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2010.

The Group applies HKFRS 3 (Revised) “Business Combinations” prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) “Consolidated and Separate Financial Statements” in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

As there was no transaction during the Period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 2. Principal Accounting Policies (Continued)

As part of the improvements to HKFRSs issued in 2009, HKAS 17 “Leases” has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and the Group presented leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment to HKAS 17 has removed such a requirement that leasehold land must be classified as operating leases. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, i.e. whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The amendment to HKAS 17 requires the Group to reassess the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of these leases. Certain property leases were therefore reclassified from operating leases to finance leases retrospectively in accordance with the transitional provisions set out in the amendment. As this is a change in classification, the comparative figure as at 31 March 2010 amounting to HK\$251,925,000 in the Group’s consolidated statement of financial position is reclassified from prepaid lease payments to property, plant and equipment. The application of the amendment has had no significant financial impact to the Group’s consolidated income statements for the current and prior periods.

The application of other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 3. Revenue

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

	Six months ended 30 September	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Service income from gaming operation in VIP rooms	211,488	118,309
Service income from gaming operation in mass market halls	312,835	189,924
Service income from gaming operation in slot machine hall	20,389	16,421
Hotel room income	27,442	29,659
Marketing and promotion income	–	14,462
Food and beverage sales	32,438	29,366
Rental income from investment properties	11,445	17,738
Others	2,106	1,805
	<b>618,143</b>	<b>417,684</b>

### 4. Segment Information

Segment information has been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision maker.

The segment information reported to the Executive Directors is focused on individual unit of operation. For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from VIP rooms, mass market halls 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 Group is currently organised into operating segments as follows: gaming operation, hotel operation and property development.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 4. Segment Information (Continued)

Principal activities of the operating segments are as follows:

Gaming operation	–	Mass market halls, slot machine hall and VIP room 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
Property development	–	Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People's Republic of China (the "PRC")

The Executive Directors assess the performance of individual operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation, central administration costs and gain/loss on fair value changes of investment properties (the "Adjusted EBITDA").

Inter-segment revenue are charged at prevailing market rate.

The Group's revenue and results by operating segments for the periods under review is set out below. Amounts reported for the prior period have been restated to conform to current period's presentation.



## Notes to the Condensed Consolidated Financial Statements (Continued)

### 4. Segment Information (Continued)

For the six months ended 30 September 2010

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Property development (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<i>REVENUE</i>						
External revenue	544,712	73,431	-	618,143	-	618,143
Inter-segment revenue	-	2,311	-	2,311	(2,311)	-
<b>Total</b>	<b>544,712</b>	<b>75,742</b>	<b>-</b>	<b>620,454</b>	<b>(2,311)</b>	<b>618,143</b>
Segment result based on the Adjusted EBITDA	234,014	35,582	(3,559)	266,037		266,037
Bank interest income						1,187
Depreciation of property, plant and equipment						(49,149)
Gain on fair value change in investment properties						63,207
Imputed interest expense on amounts due to minority shareholders of a subsidiary						(7,057)
Unallocated corporate expenses						(21,927)
Profit before taxation						252,298
Taxation						(34,989)
Profit for the period						217,309

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 4. Segment Information (Continued)

For the six months ended 30 September 2009

	Gaming operation (Unaudited) HK\$'000	Hotel operation (Unaudited) HK\$'000	Property development (Unaudited) HK\$'000	Segment total (Unaudited) HK\$'000	Elimination (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
<i>REVENUE</i>						
External revenue	339,116	78,568	–	417,684	–	417,684
Inter-segment revenue	–	2,311	–	2,311	(2,311)	–
<b>Total</b>	<b>339,116</b>	<b>80,879</b>	<b>–</b>	<b>419,995</b>	<b>(2,311)</b>	<b>417,684</b>
Segment result based on the Adjusted EBITDA	133,487	38,152	(1,354)	170,285		170,285
Bank interest income						333
Depreciation of property, plant and equipment						(44,582)
Loss on fair value change in investment properties						(2,800)
Imputed interest expense on amounts due to minority shareholders of a subsidiary						(8,708)
Other finance costs						(2,066)
Unallocated corporate expenses						(20,725)
Profit before taxation						91,737
Taxation						(13,060)
Profit for the period						78,677

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

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 5. Profit Before Taxation

	Six months ended 30 September	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Commission expenses in gaming operations (included in selling and marketing expenses)	158,569	89,494
Depreciation of property, plant and equipment	49,149	44,582
Loss on disposal of property, plant and equipment	111	82
and after crediting:		
Interest income from bank deposits	1,187	333

### 6. Taxation

	Six months ended 30 September	
	2010 (Unaudited) <i>HK\$'000</i>	2009 (Unaudited) <i>HK\$'000</i>
The charge comprises:		
Macau Complimentary Income Tax	19,696	9,862
Deferred taxation	15,293	3,198
	<b>34,989</b>	<b>13,060</b>

The Macau Complimentary 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 and PRC Enterprise Income Tax have been made as there were no estimated assessable profits for both periods.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 7. Earnings Per Share

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

	Six months ended 30 September	
	2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	170,020	51,275

	Six months ended 30 September	
	2010 (Unaudited)	2009 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,292,545,983	1,061,953,477

The computation of diluted earnings per share does 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 both periods.

### 8. Dividend

A dividend of HK\$0.048 per share with an aggregate amount of approximately HK\$62,042,000 was paid to the shareholders of the Company during the Period as the final dividend of 2009/2010. A dividend of HK\$0.018 per share with an aggregate amount of approximately HK\$23,266,000 was paid to the shareholders of the Company during the corresponding period in 2009 as the final dividend of 2008/2009.

The Board recommended to pay an interim dividend of HK\$0.04 per share for the financial year ending 31 March 2011 (2009/2010: HK\$0.025 per share) and seek the approval by the shareholders of the Company at the forthcoming special general meeting to be convened by the Board.

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 9. Movements of Investment Properties and Property, Plant and Equipment

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

	<b>Investment properties (Unaudited)</b>	<b>Property, plant and equipment (Unaudited)</b>
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
<i>CARRYING AMOUNTS</i>		
As at 1 April 2010, as previously reported	1,617,800	931,646
Effect of adoption of HKAS 17 (Amendment) (note 2)	–	251,925
<hr/>		
As at 1 April 2010, as restated	1,617,800	1,183,571
Exchange realignment	10,827	7
Additions	266	24,428
Disposals	–	(118)
Depreciation	–	(49,149)
Increase in fair value	63,207	–
<hr/>		
<b>As at 30 September 2010</b>	<b>1,692,100</b>	<b>1,158,739</b>
<hr/>		

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 10. Trade and Other Receivables

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain 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 at the end of the reporting period is set out below:

	As at	
	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$ '000	HK\$ '000
0 – 30 days	151,493	94,156
31 – 60 days	8,521	22,447
61 – 90 days	7,843	7,930
91 – 180 days	11,010	8,648
Over 180 days	29,740	21,492
	<b>208,607</b>	154,673
Chips on hand	135,171	134,165
Other receivables	10,282	13,799
	<b>354,060</b>	302,637

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 (Continued)

### 11. Trade and Other Payables

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

	As at	
	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
0 – 30 days	21,178	19,288
31 – 60 days	599	195
61 – 90 days	172	87
91 – 180 days	133	120
Over 180 days	73	116
	<b>22,155</b>	19,806
Construction payables and accruals	<b>183,531</b>	182,470
Other payables and accruals	<b>134,737</b>	73,668
Short-term advances	<b>15,000</b>	15,000
	<b>355,423</b>	290,944

### 12. Commitments

	As at	
	30 September	31 March
	2010	2010
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Authorised but not contracted for in respect of:		
– investment property under development	<b>726,325</b>	713,591
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– investment property under development	<b>409,250</b>	401,895
– property, plant and equipment	<b>3,665</b>	13,089
	<b>412,915</b>	414,984
	<b>1,139,240</b>	1,128,575

## Notes to the Condensed Consolidated Financial Statements (Continued)

### 13. Contingent Liabilities

- (a) In October 2006, the Group commenced legal proceedings against the JV Partner in Shanghai, the PRC, for termination of the JV Agreement in respect of the development of the Group's property in Shanghai as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83,620,000 (equivalent to HK\$96,840,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to HK\$115,809,000) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner's counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case was still in the progress as at the date these condensed consolidated financial statements were authorised for issue.
- (b) In January 2007, the Group was sued jointly with its contractor for approximately MOP3,500,000 (equivalent to HK\$3,352,000) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Hotel when the Hotel was under renovation. The insurance company of the contractor has recently agreed to pay the plaintiff MOP1,200,000 (equivalent to HK\$1,165,000) in full settlement of the plaintiff's claim and thus no provision was made by the Group.

### 14. Pledge of Assets

Certain assets of the Group were pledged to a bank as security for unutilised banking facility available to the Group. The carrying values of these assets at the end of the reporting period were as follows:

	As at	
	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Restated) HK\$'000
Hotel property	900,040	912,501
Investment properties	463,600	447,800
	<b>1,363,640</b>	1,360,301



## Notes to the Condensed Consolidated Financial Statements (Continued)

### 15. Related Party Transactions

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

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Advertising expenses to related companies	166	138
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 rooms	388	1,482
Professional fee expenses to related companies	180	298
Purchase of property, plant and equipment and merchandising goods from related companies	271	922
Reimbursement of administrative expenses paid by a fellow subsidiary	2,890	655
Reimbursement of administrative expenses paid by a related company	–	3,421
Rental income from a related company	1,970	1,970

*Note:* Certain Directors, key management personnel and a deemed substantial shareholder of the Company have significant influence or are deemed to have significant influence in the above related companies.

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

	<b>Six months ended 30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Short-term benefits	375	587

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

As at 30 September 2010, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (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 of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) of the Listing Rules were as follows:

### (A) LONG POSITION IN SHARES AND UNDERLYING SHARES OF THE COMPANY

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

Name of director	Capacity/Nature of interests	Number of Shares held	% of the issued share capital
Ms. Luk Siu Man, Semon (“Ms. Semon Luk”) (Note 1)	Family	743,227,815	57.50%

#### (ii) Share options

Name of director	Capacity	Number of underlying Shares	% of the issued share capital
Mr. Wong Chi Fai (Note 2)	Beneficial owner	5,000,000	0.39%
Ms. Fan Man Seung, Vanessa (Note 2)	Beneficial owner	5,000,000	0.39%

#### Notes:

- The 743,227,815 Shares of the Company were held by Worthy Strong Investment Limited (“Worthy Strong”), an indirect wholly-owned subsidiary of Emperor International Holdings Limited (“EIHL”). EIHL is a company with its shares listed in Hong Kong. Charron Holdings Limited (“Charron”) was the controlling shareholder of EIHL. The entire issued share capital of Charron was held by Million Way Holdings Limited (“Million Way”) which was in turn wholly-owned by STC International Limited (“STC International”) being the trustee of The Albert Yeung Discretionary Trust (“AY Trust”), a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the said Shares held by Worthy Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the above said Shares.
- The share options were granted to Directors under the share option scheme of the Company.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

### (B) LONG POSITION IN SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS

Name of director	Name of associated corporation	Capacity/ Nature of interests	Number of shares/ underlying shares held	% of the issued share capital
Ms. Semon Luk	Worthy Strong (Note 1)	Family	100	100%
Ms. Semon Luk	Million Way (Note 1)	Family	1	100%
Ms. Semon Luk	Charron (Note 2)	Family	1	100%
Ms. Semon Luk	Eternally Smart Limited ("Eternally Smart") (Note 2)	Family	1	100%
Ms. Semon Luk	EIHL (Note 2)	Family	2,125,791,364	71.62%
Ms. Semon Luk	Velba Limited ("Velba") (Note 3)	Family	1	100%
Ms. Semon Luk	New Media Group Holdings Limited ("NMG") (Note 3)	Family	570,000,000 (L) 120,000,000 (S)	95% 20%
Ms. Semon Luk	Allmighty Group Limited ("Allmighty Group") (Note 4)	Family	100	100%
Ms. Semon Luk	Emperor Watch & Jewellery Limited ("EWJ") (Note 4)	Family	3,486,040,000	66.85%
Mr. Wong Chi Fai	EIHL (Note 5)	Beneficial owner	15,000,000	0.51%
Ms. Fan Man Seung, Vanessa	EIHL (Note 5)	Beneficial owner	15,000,000	0.51%
Ms. Mok Fung Lin, Ivy	EIHL (Note 5)	Beneficial owner	2,500,000	0.08%

#### Notes:

- 743,227,815 Shares of the Company were held by Worthy Strong. The entire issued share capital of Worthy Strong was ultimately held by Million Way which was in turn wholly-owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the respective share capital of Worthy Strong and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the aforesaid share capital.
- EIHL is a company with its shares listed in Hong Kong; the 2,125,791,364 shares of EIHL were held by Charron. Eternally Smart is a wholly-owned subsidiary of Charron. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and the aforesaid shares in EIHL held by Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)**

### **(B) LONG POSITION IN SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS (Continued)**

*Notes: (Continued)*

3. NMG is a company with its shares listed in Hong Kong; the 570,000,000 shares refer to (a) 450,000,000 shares held by Velba in NMG and (b) the top-up subscription of 120,000,000 new placing shares of NMG by Velba pursuant to the Top-up Subscription Agreement dated 29 September 2010. The 120,000,000 shares represent the placing of the same shares by Velba pursuant to the Placing Agreement dated 29 September 2010. The entire issued share capital of Velba was held by Million Way which was in turn wholly-owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Velba and the aforesaid shares in NMG held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.
4. EWJ is a company with its shares listed in Hong Kong; the 3,486,040,000 shares of EWJ were held by Allmighty Group. The entire issued share capital of Allmighty Group was held by Million Way which was in turn wholly-owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Allmighty Group and the aforesaid shares in EWJ held by Allmighty Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.
5. Share options granted to the directors (also as the Directors of the Company) of EIHL under the share option scheme of EIHL.

Save as disclosed above, as at 30 September 2010, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

## SHARE OPTIONS

The Company adopted a share option scheme (“Scheme”) on 2 September 2002 (the “Adoption Date”) to provide incentives or rewards to participants including the Directors and eligible employees of the Group.

Under the Scheme, the Directors are authorised, at any time within ten years after the Adoption Date, to grant options to any participant to subscribe for Shares in the Company at a price not less than the highest of (i) the closing price of the Company’s Shares on the date of grant; (ii) the average closing prices of the Company’s Shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company’s Share. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

Details of movements in the number of share options are set out below:

Name of grantee	Date of grant	Exercise period	Number of share options	
			Exercise price of the share options	outstanding as at 1 April 2010 and 30 September 2010
Mr. Wong Chi Fai	11 August 2005	11 August 2005 to 10 August 2015	HK\$2.2	5,000,000
Ms. Fan Man Seung, Vanessa	11 August 2005	11 August 2005 to 10 August 2015	HK\$2.2	5,000,000

During the Period, no options were granted, lapsed, exercised or cancelled under the Scheme.

## OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2010, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests and short positions in the Shares or underlying Shares of the Company 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 AND UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Capacity/ Nature of interests	Number of Shares/ Underlying Shares held	% of the issued share capital
EIHL ( <i>Note</i> )	Interest in a controlled corporation	743,227,815	57.50%
Charron ( <i>Note</i> )	Interest in a controlled corporation	743,227,815	57.50%
Million Way ( <i>Note</i> )	Interest in a controlled corporation	743,227,815	57.50%
STC International ( <i>Note</i> )	Trustee	743,227,815	57.50%
Dr. Albert Yeung ( <i>Note</i> )	Founder of the AY Trust	743,227,815	57.50%
Penta Investment Advisers Limited	Investment manager	142,230,000	11.00%

*Note:* 743,227,815 Shares of the Company were held by Worthy Strong, an indirect wholly-owned subsidiary of EIHL. EIHL is a company with its shares listed in Hong Kong. Charron was the controlling shareholder of EIHL. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the said Shares held by Worthy Strong. The above 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.

Save as disclosed above, as at 30 September 2010, the Directors or chief executives of the Company were not aware of any other persons had any interests or short positions in Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CORPORATE GOVERNANCE

#### Code on Corporate Governance Practices

The Company has complied throughout the Period with all the provisions of the Code on Corporate Governance Practices 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 had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but the report had been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

### 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, 24 November 2010

As at the date hereof, the Board of the Company comprised:

*Non-executive Director* : *Ms. Luk Siu Man, Semon (Chairperson)*

*Executive Directors* : *Mr. Wong Chi Fai*  
*Ms. Fan Man Seung, Vanessa*  
*Ms. Mok Fung Lin, Ivy*

*Independent Non-executive Directors:* *Ms. Chan Sim Ling, Irene*  
*Ms. Chan Wiling, Yvonne*  
*Ms. Wan Choi Ha*