



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 2007/2008

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MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group’s flagship project, Grand Emperor Hotel in Macau, had been providing solid and steady contributions following the commencement of its operations in January 2006. In August 2007, the Group increased its effective interest in the Grand Emperor Hotel and the two self-managed VIP rooms in the hotel from 45% to 50% and from 90% to 100% respectively.

The construction of the Group’s property development project – a shopping arcade and service apartment complex in Shanghai – is underway and is expected to be completed in 2009.

During the six months ended 30th September, 2007 (the “Period”), the Group disposed of its cruise liner operation. Revenue from the Group’s continuing operations, being mainly the hotel and gaming operations, soared 23% to approximately HK\$653.4 million during the Period, up from approximately HK\$532.1 million for the same period in 2006. Profit from the continuing operations on the other hand declined 17% to approximately HK\$137.4 million as compared to HK\$166.3 million for the corresponding period in 2006, mainly due to the inclusion of a revaluation gain for the Group’s hotel properties of approximately HK\$123.1 million in 2006, without which and its related deferred taxation of HK\$14.7 million, the profit from the continuing operations would be HK\$57.9 million.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW

The Group's development project and various investments are discussed as follows:

Hotel and gaming operations

The Grand Emperor Hotel in Macau is the Group's flagship project. The hotel commenced business in January 2006 and has quickly established its brand-name in Macau, the world's largest gaming market.

The Grand Emperor Hotel is located at the heart of Macau's city centre, a short distance from the main ferry terminal and the casino landmark Hotel Lisboa. The Grand Emperor Hotel has 136,660 square feet of gaming space spreading over seven floors. It has a capacity of 348 slot machine seats and approximately 90 gaming tables in gaming concourse and VIP rooms, featuring mainly baccarat – the most popular game in Macau with the best odds among major table games.

The luxuriously designed hotel also provides comprehensive entertainment and dining facilities with a European-themed decor and 291 hotel rooms, appealing to the tastes and preferences of its customers.

In August 2007, the Group successfully increased its effective interest in the Grand Emperor Hotel from 45% to 50%, and in two self-managed VIP rooms in the Grand Emperor Hotel from 90% to 100% through acquisition of additional interest of a subsidiary, details of which are set out in the section headed "Acquisition of Additional Interest of a Subsidiary" below. The restructuring streamlined the Group's corporate investment structure, raising its investment in the Grand Emperor Hotel and the Macau gaming market.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW (Continued)

Hotel and gaming operations (Continued)

Gaming Revenue

The Group's casino operations, run by licence holder Sociedade de Jogos de Macau, S.A., had performed in line with management expectations amid intensifying competition. All segments had recorded remarkable growth in revenue.

Gaming Concourse

The Group operated 52 tables in its gaming concourse, targeting for the mass market. They in total contributed a gross win of approximately HK\$276.2 million (2006: HK\$235.9 million), with an average win of approximately HK\$29,000 (2006: HK\$28,000) per table per day. Revenue for the Period was approximately HK\$110.5 million (2006: HK\$94.3 million).

Slot Machines

During the Period, this sector recorded a gross win of approximately HK\$56.7 million (2006: HK\$58.6 million). The slot machines returned an average win of approximately HK\$900 (2006: HK\$900) per seat per day. Revenue for the Period was approximately HK\$22.7 million (2006: HK\$18.2 million).



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW (Continued)

Hotel and gaming operations (Continued)

Gaming Revenue (Continued)

Self-managed VIP rooms

The Group launched its second VIP room inside the hotel since May 2007 with four tables providing baccarat games for high-rollers. The Group now self-manages two VIP rooms, with ten tables in total, an area where the Group possesses substantial experience and expertise.

Supported by a decade-long operating experience in Macau, the VIP rooms maintained high rolling of approximately HK\$26.9 billion (2006: HK\$28.9 billion). Win percentage (calculated before discounts and commissions) was 3.3% (2006: 2.6%). Revenue was approximately HK\$412.3 million (2006: HK\$330.9 million) and an average win per table per day was approximately HK\$527,000 (2006: HK\$676,000).

Rental from leased-out VIP rooms

The Group received contributions from the leasing of six VIP rooms operated within the hotel. Revenue was approximately HK\$27.2 million (2006: HK\$16.9 million) during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW (Continued)

Hotel and gaming operations (Continued)

Non-gaming Revenue

The Grand Emperor Hotel recorded approximately HK\$80.7 million (2006: HK\$71.7 million) in non-gaming revenue, which comprised mainly of contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club and retail space operations on the ground floor of the hotel.

According to Macau Government Documentation and Information Centre, the number of hotel rooms had increased 27% year-on-year to 15,719 as of 30th September, 2007. Hotel rooms in Macau recorded an average occupancy rate of approximately 72%.

Amid growing competition and increase in room supply, the Group managed to attract and retain hotel guests with its top-class attentive service and high-end entertainment and lodging facilities. The 291 hotel rooms at the Grand Emperor Hotel returned an average daily rate of approximately HK\$770 (2006: HK\$700) during the Period. Occupancy rate of the available guestrooms was 85% (2006: 81%).

Room revenue totaled approximately HK\$40.0 million (2006: HK\$34.9 million). Revenue from food and beverage was approximately HK\$33.3 million (2006: HK\$29.6 million). Rental revenue from sauna, night club and retail space operations was approximately HK\$7.4 million (2006: HK\$7.3 million).



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW (Continued)

Property sales and development

This segment recorded no revenue during the Period, as its property project in Shanghai remained under development. The project recorded a loss of approximately HK\$2.1 million (2006: HK\$1.8 million).

Located in Yu Yuan, Shanghai, the property will be developed into a shopping arcade and hotel/service apartment complex on a 22,870 square-metre prime site. The main body of the complex will be a multi-storey shopping arcade, and the entire project is expected to have a floor area of more than 110,000 square metres.

The new Shanghai M10 subway route – to be launched in 2009 – will be adjacent to the subject site and there will be entrances and exits connecting to and from the commercial complex. The Group had completed the foundation and basement excavation work for the development during the Period, while basement construction is in progress.

Cruise and cruise-related operations

Revenue from this segment came from the rental and operation of cruise-related activities of Golden Princess, a 12,704-ton cruise liner which provides entertainment, gaming and accommodation facilities of up to 570 guests.

From its cruise and cruise-related operations, the Group received revenue of approximately HK\$16.3 million (2006: HK\$61.2 million) and recorded a loss of approximately HK\$7.7 million (2006: profit of HK\$15.2 million).



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

OPERATION REVIEW (Continued)

Cruise and cruise-related operations (Continued)

In June 2007, the Group discontinued its cruise and cruise-related operations after disposal of subsidiaries, details of which are set out in the section headed "Disposal of Subsidiaries" below. The management believed that the disposal would allow the Group to focus its resources and efforts on the Macau hotel operation, a market with robust growth and potentials.

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ACQUISITION OF ADDITIONAL INTEREST OF A SUBSIDIARY

On 12th June, 2007, Courage Wisdom Investments Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with World Million Profits Limited ("World Million"), a wholly-owned subsidiary of the substantial shareholder of the Company, for acquisition of the remaining 10% interest in Nova Strategic Limited ("Nova Strategic") and its subsidiaries (collectively referred to as the "Nova Strategic Group") and the entire shareholder's loan due from Nova Strategic to World Million (the "Acquisition"). The Acquisition was completed on 20th August, 2007 and its aggregate consideration amounted to approximately HK\$171.7 million, out of which HK\$170.8 million was satisfied by the allotment and issue of 104,774,846 shares of the Company at an issue price of HK\$1.63 per share and the balance of HK\$0.9 million was settled by way of cash payment. A goodwill of approximately HK\$36.8 million arose as a result of the Acquisition.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

DISPOSAL OF SUBSIDIARIES

On 29th June, 2007, Lavergem Holdings Limited, a wholly-owned subsidiary of the Company, disposed of the entire interest of Quick Treasure Investments Limited and its subsidiaries (collectively referred to as the "Quick Treasure Group") and the entire shareholder's loan due to the Group by the Quick Treasure Group to a third party at a consideration of approximately HK\$129.0 million (the "Disposal") and resulted in a gain of approximately HK\$1.1 million.

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USE OF PROCEEDS

The net proceeds from the Disposal after expenses of HK\$0.1 million amounting to approximately HK\$128.9 million had been fully utilised to expand the business of the Grand Emperor Hotel which included the opening of the Group's second self-managed VIP room in May 2007.

CAPITAL STRUCTURE

In August 2007, the Company allotted and issued 104,774,846 shares of the Company at an issue price of HK\$1.63 per share for the Acquisition. As a result, the share capital and share premium of the Company as at 30th September, 2007 were approximately HK\$103,000 (as at 31st March, 2007: HK\$93,000) and HK\$170.8 million (as at 31st March, 2007: Nil) respectively.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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 30th September, 2007, bank borrowings which were denominated in Hong Kong dollars, secured, interest bearing and had fixed repayment term amounted to approximately HK\$232.7 million. Advances from related companies totaling approximately HK\$5.9 million were denominated in Hong Kong dollars, unsecured and repayable on demand. Advances from the minority shareholders of approximately HK\$386.7 million were denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiaries have surplus fund.

The Group's current assets and current liabilities as at the end of the Period were approximately HK\$900.9 million and HK\$689.9 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) decreased from 25% in the preceding financial year to 19%, which was mainly due to repayment of bank borrowings and advances from related companies and the minority shareholders during the Period.

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. Bank balances and cash on hand of the Group as at 30th September, 2007 totaled approximately HK\$259.2 million, which were mainly denominated in Hong Kong dollars and Macau Pataca ("MOP"). With the borrowings and bank balances and cash on hand denominated in Hong Kong dollars and Macau Pataca, the Group experienced no significant exposure to foreign exchange rate fluctuation during the Period.

With its sufficient bank balances and cash on hand as well as its existing loan facility, the directors of the Company considered to have sufficient working capital for the operations and the future development of the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PLEDGE OF ASSETS

As at the end of the Period, certain assets with carrying values of approximately HK\$1.5 billion were pledged to a bank as security for a banking facility granted to the Group.

COMMITMENTS AND CONTINGENCIES

The Group had capital commitments as at 30th September, 2007 was approximately HK\$384.6 million, comprising HK\$380.4 million for property development project in Shanghai and HK\$4.2 million for purchase of property, plant and equipment.

In October 2006, the Group commenced legal proceedings in the People's Republic of China ("PRC") against the joint venture partner ("JV Partner") in Shanghai, for termination of the joint venture agreement ("JV Agreement") in respect of the development of the Group's property in Shanghai ("Project") 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 RMB83.6 million (equivalent to approximately HK\$86.4 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$103.3 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that the Group had prospects of successful termination of the JV Agreement and defending against the counterclaim of the JV Partner. Therefore, no provision was made by the Group.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

COMMITMENTS AND CONTINGENCIES (Continued)

In January 2007, the Group was sued jointly with its contractor for approximately for MOP 3.5 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 Grand Emperor Hotel when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group was of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

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NUMBER AND REMUNERATION OF EMPLOYEES

As at 30th September, 2007, the Group's number of employees was 981 as compared to 1,118 as at the end of the preceding financial year, mainly due to the disposal of cruise and cruise-related operations in June 2007. Total staff costs including directors' remuneration for the Period were approximately HK\$71.6 million (2006: HK\$82.7 million). All employees are under remuneration policy of fixed monthly salary with discretionary bonus.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2nd 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 a total of 10,000,000 share options granted to certain directors of the Company in previous years.



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PROSPECTS

With the opening of the Grand Emperor Hotel in Macau in January 2006, the Group has repositioned itself as a full-scale gaming conglomerate, enjoying significant contributions from gaming and ancillary businesses.

With the Group's experience and well-received brand name – especially in the important mainland China market – the Grand Emperor Hotel has managed to quickly establish a significant presence in Macau. The hotel is well received by hotel guests as well as players in its gaming areas. It continues to strengthen its position in the VIP gaming market in Macau. The management expects the hotel to maintain an encouraging performance in an increasingly competitive marketplace.

In relation to the Shanghai property development, the Group has appointed reputable international consultants to handle leasing management and to revise the design of the shopping arcade, with a view to improving pedestrian flow within the complex and thus maximising its investment value.

The project, being located in an established tourist area of Shanghai, is expected to generate stable rental revenue for the Group and enhance the Group's balance sheet when it is transformed into an investment property upon scheduled completion in 2009.

Looking ahead, the Group will closely monitor the performance of all its business segments to maximise returns for its shareholders and investors. It will continue to look for expansion possibilities with further utilisation of the Group's execution strength and rich assets in the entertainment industry.



INTERIM DIVIDEND

The board of directors (the “Board”) of the Company declared the payment of an interim dividend of HK\$0.04 (2006: HK\$0.04) per share (“Dividend”) for the Period, amounting to approximately HK\$41.3 million (2006: HK\$37.2 million). The Dividend will be paid on 25th January, 2008 (Friday) to shareholders whose names appear on Register of Members of the Company on 11th January, 2008 (Friday).

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CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Dividend, from 10th January, 2008 (Thursday) to 11th January, 2008 (Friday) (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 9th January, 2008 (Wednesday).



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.

These condensed consolidated financial statements have not been audited nor reviewed by the Company's auditors, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three independent non-executive directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th September, 2007

		Six months ended	
		30th September, 2007	30th September, 2006
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Continuing operations			
Revenue	2	653,422	532,106
Cost of sales		(15,849)	(21,406)
Direct operating expenses		(96,564)	(87,619)
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Gross profit		541,009	423,081
Fair value change in investment properties		-	123,130
Other income		11,916	10,505
Selling and marketing expenses		(267,065)	(278,454)
Administrative expenses		(110,782)	(73,300)
Finance costs		(18,823)	(20,962)
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Profit before taxation		156,255	184,000
Taxation	5	(18,856)	(17,702)
<hr/>			
Profit for the period from continuing operations	3	137,399	166,298
Discontinued operation			
(Loss) profit for the period from discontinued operation	3&4	(6,507)	15,185
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Profit for the period	3&6	130,892	181,483
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CONDENSED CONSOLIDATED INCOME STATEMENT

(Continued)

For the six months ended 30th September, 2007

	Six months ended	
	30th September, 2007 (Unaudited) <i>HK\$'000</i>	30th September, 2006 (Unaudited) <i>HK\$'000</i>
<i>Note</i>		
Attributable to:		
Equity holders of the Company	97,663	109,222
Minority interests	33,229	72,261
	130,892	181,483
Earnings per share	7	
From continuing and discontinued operations		
– basic	HK\$0.10	HK\$0.12
– diluted	HK\$0.10	HK\$0.12
From continuing operations		
– basic	HK\$0.11	HK\$0.10
– diluted	HK\$0.11	HK\$0.10

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30th September, 2007

		As at	
	Notes	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Non-current assets			
Investment properties		622,700	681,200
Property, plant and equipment	8	925,967	986,217
Prepaid lease payments		304,780	307,640
Property under development	8	510,578	485,671
Deposits made on acquisition of property, plant and equipment		2,847	2,288
Goodwill	9	55,126	18,301
		2,421,998	2,481,317
Current assets			
Inventories, at cost		3,102	4,046
Trade and other receivables	10	629,416	494,647
Prepaid lease payments		7,619	7,619
Amounts due from related companies		1,593	968
Bank balances and cash		259,204	216,442
		900,934	723,722
Current liabilities			
Trade and other payables	11	437,502	404,776
Amounts due to related companies		5,894	103,906
Amounts due to minority shareholders of a subsidiary		87,711	125,720
Dividend payable		82,684	–
Taxation payable		37,241	18,130
Secured bank borrowings – amounts due within one year		38,869	39,845
		689,901	692,377
Net current assets		211,033	31,345
Total assets less current liabilities		2,633,031	2,512,662



CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 30th September, 2007

		As at	
		30th September, 2007 (Unaudited) <i>HK\$'000</i>	31st March, 2007 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current liabilities			
Amounts due to minority shareholders of a subsidiary		298,949	328,492
Secured bank borrowings – amounts due after one year		193,809	213,031
Deferred taxation		73,204	73,459
		565,962	614,982
Net assets		2,067,069	1,897,680
Capital and reserves			
Share capital	12	103	93
Reserves		1,650,168	1,459,130
Equity attributable to equity holders of the Company		1,650,271	1,459,223
Minority interests		416,798	438,457
Total equity		2,067,069	1,897,680



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to equity holders of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Share option reserve	Legal reserve	Translation reserve	Accumulated profits	Total	Minority interests	Total equity
	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000	HKS '000
At 1st April, 2006	93	-	666	1,046,335	3,964	44	15,120	159,223	1,227,445	281,648	1,509,093
Exchange difference arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	5,965	-	5,965	-	5,965
Profit for the period	-	-	-	-	-	-	-	109,222	109,222	72,261	181,483
Total recognised income for the period	-	-	-	-	-	-	5,965	109,222	115,187	72,261	187,448
2006 final dividend payable	-	-	-	(18,575)	-	-	-	-	(18,575)	-	(18,575)
At 30th September, 2006	93	-	666	1,029,760	3,964	44	21,085	268,445	1,324,057	353,909	1,677,966
At 1st April, 2007	93	-	666	992,609	3,964	44	30,131	431,716	1,459,223	*438,457	1,897,680
Exchange difference arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	5,286	-	5,286	-	5,286
Profit for the period	-	-	-	-	-	-	-	97,663	97,663	33,229	130,892
Total recognised income for the period	-	-	-	-	-	-	5,286	97,663	102,949	33,229	136,178
Issue of shares	10	170,773	-	-	-	-	-	-	170,783	-	170,783
Arising on acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(54,888)	(54,888)
2007 final dividend payable	-	-	-	(82,684)	-	-	-	-	(82,684)	-	(82,684)
At 30th September, 2007	103	170,773	666	909,925	3,964	44	35,417	529,379	1,650,271	416,798	2,067,069



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30th September, 2007 (Unaudited) <i>HK\$'000</i>	30th September, 2006 (Unaudited) <i>HK\$'000</i>
Net cash from operating activities	90,433	131,242
Net cash from (used in) investing activities	80,921	(26,269)
Net cash used in financing activities	(128,662)	(76,233)
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Net increase in cash and cash equivalents	42,692	28,740
Cash and cash equivalents at the beginning of the period	216,442	163,903
Effect of foreign exchange rate changes	70	8
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Cash and cash equivalents at the end of the period		
Bank balances and cash	259,204	192,651
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30th September, 2007

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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”).

The unaudited condensed consolidated financial statements have been prepared on the historical costs basis, except for certain properties and financial instruments, which are measured at revalued amounts or fair values as appropriate.

The accounting policies adopted for preparation of 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 31st March, 2007.

In the Period, the Group has applied for the first time, a new standard, amendment and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial year beginning 1st April, 2007.

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the new standards or interpretations that have been issued but are not yet effective. The director of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

Certain comparative figures have been reclassified to conform with the Period’s presentation.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

2. REVENUE

An analysis of the Group's revenue, for both continuing and discontinued operations, is as follows:

	Six months ended	
	30th September, 2007	30th September, 2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Continuing operations		
Hotel and gaming operations		
Service income from VIP rooms	360,355	288,110
Service income from mass market	110,469	94,340
Service income from slot machine hall	22,667	18,162
Hotel room rental income	39,090	34,733
Marketing and promotion income	52,001	42,825
Food and beverage sales	33,259	29,552
Rental income from investment properties	28,647	19,306
Others	6,934	5,078
	653,422	532,106
Discontinued operation (Note 4)		
Cruise and cruise-related operations		
Rental income from gaming hall	15,092	60,000
Food and beverage sales	240	494
Room rental income	72	134
Others	892	555
	16,296	61,183
	669,718	593,289



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined business segments to be presented as the primary reporting format. An analysis of the Group's business segmental information is as follows:

	Continuing operations			Discontinued operation		Consolidated (Unaudited) HK\$'000
	Hotel and gaming operations (Unaudited) HK\$'000	Property sales and development (Unaudited) HK\$'000	Unallocated corporate items (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Cruise and cruise-related operations (Unaudited) HK\$'000	
For the six months ended 30th September, 2007						
REVENUE	653,422	-	-	653,422	16,296	669,718
RESULTS						
Segment results	178,432	(2,904)	(4,944)	171,394	(7,652)	163,742
Interest income	3,305	14	365	3,684	-	3,684
Finance costs	(17,153)	-	(1,670)	(18,823)	-	(18,823)
Profit (loss) before taxation				156,255	(7,652)	148,603
Taxation				(18,856)	-	(18,856)
Gain on disposal of discontinued operation				-	1,145	1,145
Profit (loss) for the period				137,399	(6,507)	130,892



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

3. SEGMENT INFORMATION (Continued)

	Continuing operations			Discontinued operation		Consolidated (Unaudited) HK\$'000
	Hotel and gaming operations (Unaudited) HK\$'000	Property sales and development (Unaudited) HK\$'000	Unallocated corporate items (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Cruise and cruise-related operations (Unaudited) HK\$'000	

For the six months ended
30th September, 2006

REVENUE	532,106	-	-	532,106	61,183	593,289
RESULTS						
Segment results	210,050	(1,828)	(4,876)	203,346	15,185	218,531
Interest income	1,587	1	28	1,616	-	1,616
Finance costs	(12,107)	-	(8,855)	(20,962)	-	(20,962)
Profit before taxation				184,000	15,185	199,185
Taxation				(17,702)	-	(17,702)
Profit for the period				166,298	15,185	181,483



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

4. DISPOSAL OF SUBSIDIARIES

Discontinued operation

On 7th May, 2007, the Group entered into an agreement to dispose of the Quick Treasure Group which carried out the Group's cruise and cruise-related operations to a third party. The disposal was completed on 29th June, 2007, on which date control of the Quick Treasure Group was passed to the third party and the Group discontinued its cruise and cruise-related operations.

The (loss) profit for the period from discontinued operation is analysed as follows:

	Six months ended	
	30th September, 2007 (Unaudited) HK\$'000	30th September, 2006 (Unaudited) HK\$'000
(Loss) profit of cruise and cruise-related operations	(7,652)	15,185
Gain on disposal of cruise and cruise-related operations	1,145	–
	(6,507)	15,185



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

4. DISPOSAL OF SUBSIDIARIES (Continued)

Discontinued operation (Continued)

The results of discontinued operation for the period up to the date of disposal and the prior interim reporting period were as follows:

	Period ended 29th June, 2007 (Unaudited) <i>HK\$'000</i>	Six months ended 30th September, 2006 (Unaudited) <i>HK\$'000</i>
Revenue	16,296	61,183
Cost of sales	(1,304)	(1,852)
Direct operating expenses	(13,353)	(26,925)
Selling and marketing expenses	(1,467)	(1,087)
Administrative expenses	(7,824)	(16,134)
	<hr/>	<hr/>
(Loss) profit for the period	(7,652)	15,185
	<hr/> <hr/>	<hr/> <hr/>



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

4. DISPOSAL OF SUBSIDIARIES (Continued)

Discontinued operation (Continued)

The net assets of the Quick Treasure Group as at the date of disposal and as at 31st March, 2007 were as follows:

	As at 29th June, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Property, plant and equipment	127,788	129,405
Inventories	1,784	1,728
Trade and other receivables	1,213	1,890
Amount due from immediate holding company	–	202
Amount due from a related company	3,645	966
Bank balances and cash	2,054	1,895
Trade and other payables	(8,600)	(7,440)
Amount due to immediate holding company	(55,713)	–
Amount due to ultimate holding company	–	(48,823)
Net assets	72,171	<u>79,823</u>
Assignment of intercompany indebtedness	55,713	
Gain on disposal	1,145	
Total consideration, satisfied by cash	<u>129,029</u>	
Analysis of net inflow of cash and cash equivalents in connection with the disposal:		
Cash consideration	129,029	
Bank balances and cash disposed of	(2,054)	
	<u>126,975</u>	



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

4. DISPOSAL OF SUBSIDIARIES (Continued)

Discontinued operation (Continued)

The discontinued operation spent approximately HK\$6,816,000 (2006: generated HK\$32,597,000) in respect of the Group's operating activities, paid approximately HK\$117,000 (2006: HK\$626,000) in respect of investing activities and generated approximately HK\$7,092,000 (2006: paid HK\$33,468,000) in respect of financing activities.

5. TAXATION

	Six months ended	
	30th September, 2007	30th September, 2006
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000

Continuing operations

The charge comprises:

Macau Complimentary Income Tax		
– current period	(19,111)	(4,625)
– overprovision in prior year	–	2,605
Deferred taxation	255	(15,682)
	(18,856)	(17,702)

The Macau Complimentary Income Tax is calculated progressively at a maximum of 12% of the estimate assessable profits for both periods.

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

6. PROFIT FOR THE PERIOD

	Six months ended 30th September,					
	2007			2006		
	Continuing operations (Unaudited) HK\$'000	Discontinued operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Continuing operations (Unaudited) HK\$'000	Discontinued operation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Profit for the period has been arrived at after charging:						
Allowance for bad and doubtful debts	16,847	-	16,847	1,900	-	1,900
Depreciation of property, plant and equipment	33,133	1,724	34,857	33,229	3,247	36,476
Operating lease rental in respect of rented premises	2,117	105	2,222	1,724	209	1,933
Release of prepaid lease payments	3,232	-	3,232	3,232	-	3,232
and after crediting:						
Interest income from bank deposits	3,684	-	3,684	1,616	-	1,616



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

7. EARNINGS PER SHARE

From continuing and discontinued operations

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

Six months ended	
30th September, 2007 (Unaudited) HK\$'000	30th September, 2006 (Unaudited) HK\$'000

Earnings:

Earnings attributable to the equity holders of the Company for the purpose of calculating basic and diluted earnings per share

97,663	109,222
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

7. EARNINGS PER SHARE (Continued)

From continuing and discontinued operations (Continued)

	As at	
	30th September,	30th September,
	2007	2006
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of shares for the purpose of calculating basic earnings per share	952,246,126	928,771,980
Effect of dilutive potential shares – share options (<i>Note</i>)	–	–
Weighted average number of shares for the purpose of calculating diluted earnings per share	952,246,126	928,771,980

Note: No effect of dilutive potential shares in respect of the share options is resulted as the exercise price of the Company's share options was higher than the average market price of the shares during both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

7. EARNINGS PER SHARE (Continued)

From continuing operations

The calculations of the basic and diluted earnings per share from continuing operations are based on the following data:

	Six months ended	
	30th September, 2007 (Unaudited) HK\$'000	30th September, 2006 (Unaudited) HK\$'000
Earnings:		
Earnings attributable to the equity holders of the Company	97,663	109,222
Less: (Loss) earnings for the period from discontinued operation	<u>(6,507)</u>	<u>15,185</u>
Earnings for the purposes of calculating basic and diluted earnings per share from continuing operations	<u>104,170</u>	<u>94,037</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted loss per share for discontinued operation are HK\$0.01 per share (2006: earnings per share of HK\$0.02) and HK\$0.01 per share (2006: earnings per share of HK\$0.02) respectively, based on the loss for the period from the discontinued operation of approximately HK\$6,507,000 (2006: profit of HK\$15,185,000). The denominators used are the same as those detailed above for both basic and diluted earnings per share.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

8. MOVEMENTS OF PROPERTY, PLANT AND EQUIPMENT AND PROPERTY UNDER DEVELOPMENT

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

	Property, plant and equipment (Unaudited) <i>HK\$'000</i>	Property under development (Unaudited) <i>HK\$'000</i>
CARRYING AMOUNT		
At 1st April, 2007	986,217	485,671
Currency realignment	7	10,206
Transfer from investment properties	58,500	-
Transfer from deposits made on acquisition of property, plant and equipment	2,288	-
Additions	41,613	14,110
Disposals	(13)	-
Eliminated upon disposal of subsidiaries	(127,788)	-
Depreciation	(34,857)	-
Release of prepaid lease payments capitalised	-	591
At 30th September, 2007	925,967	510,578



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

9. GOODWILL

	(Unaudited) HK\$'000
COST	
At 1st April, 2007	18,301
Arising on acquisition of additional interest in a subsidiary (<i>Note</i>)	36,825
<hr/>	
At 30th September, 2007	55,126
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Note: The amount arose as a result of the Acquisition at a consideration of approximately HK\$171,700,000 on 20th August, 2007. Nova Strategic is an investment holding company of the Group's hotel and gaming operations.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

10. TRADE AND OTHER RECEIVABLES

The Group allows credit periods of up to 60 days to its trade customers. An aged analysis of the Group's trade receivables as at the balance sheet date is set out below:

	As at	
	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
0 – 30 days	274,320	318,640
31 – 60 days	72,558	36,048
61 – 90 days	39,885	931
91 - 180 days	19,535	3,619
Over 180 days	–	12
	406,298	359,250
Chips on hand	176,553	108,292
Other receivables	46,565	27,105
	629,416	494,647

Chips on hand represent chips issued by a gaming concessionaire in Macau.

The directors of the Company consider that the carrying amount of trade and other receivables approximates its fair value.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

11. TRADE AND OTHER PAYABLES

An aged analysis of the Group's trade payables as at the balance sheet date is set out below:

	As at	
	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
0 – 30 days	50,181	59,762
31 – 60 days	2,774	1,172
61 – 90 days	1	178
91 – 180 days	–	67
Over 180 days	80	–
	53,036	61,179
Short-term advances	45,000	45,000
Construction payables	154,328	173,677
Other payables	185,138	124,920
	437,502	404,776

Short-term advances are unsecured, interest-free and repayable on demand.

The directors of the Company consider that the carrying amount of trade and other payables approximates its fair value.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

12. SHARE CAPITAL

	Number of shares (Unaudited)	Amount (Unaudited) <i>HK\$'000</i>
Issued and fully paid:		
Ordinary shares of HK\$0.0001 each at 1st April, 2007	928,771,980	93
Issued in consideration for the Acquisition (<i>Note</i>)	104,774,846	10
Ordinary shares of HK\$0.0001 each at 30th September, 2007	1,033,546,826	103

Note: On 20th August, 2007, the Company allotted and issued 104,774,846 shares of the Company at an issue price of HK\$1.63 per share to World Million as part of the consideration of the Acquisition.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

13. COMMITMENTS

	As at	
	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Authorised but not contracted for in respect of:		
– property development projects	2,264	2,326
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property development projects	378,169	386,055
– property, plant and equipment	4,174	–
	382,343	386,055
	384,607	388,381



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

14. CONTINGENT LIABILITIES

- (a) In October 2006, the Group commenced legal proceedings in the PRC against the JV Partner in Shanghai, for termination of the JV Agreement in respect of the Project 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 RMB83,620,000 (equivalent to approximately HK\$86,354,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to approximately HK\$103,270,000) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that the Group had prospects of successful termination of the JV Agreement and defending against the counterclaim of the JV Partner. Therefore, no provision was made by the Group.
- (b) In January 2007, the Group was sued jointly with its contractor for approximately MOP3,453,000 (equivalent to approximately HK\$3,352,000) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Grand Emperor Hotel when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group was of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

15. PLEDGE OF ASSETS

Certain assets of the Group were pledged to a bank as a security for a banking facility granted to the Group. The carrying values of these assets as at the balance sheet date were as follows:

	As at	
	30th September, 2007 (Unaudited) HK\$'000	31st March, 2007 (Audited) HK\$'000
Hotel property	593,475	542,161
Investment properties	622,700	681,200
Prepaid lease payments	268,816	272,048
	1,484,991	1,495,409



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30th September, 2007

16. RELATED PARTY TRANSACTIONS

During the period, the Group had the following significant transactions with related parties:

	Six months ended	
	30th September, 2007 (Unaudited) HK\$'000	30th September, 2006 (Unaudited) HK\$'000
Advertising expenses to related companies	212	259
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	214	476
Interest expense to a related company	1,670	1,348
Performance related incentive payment to a director	1,224	1,552
Rental income from related companies	16,343	61,186
Sharing of administrative expenses with a related company	6,183	7,670

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.



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

As at 30th September, 2007, 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 as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("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 Companies of the Listing Rules ("Model Code") of the issued share capital of the Company were as follows:

Long position interests in the Company

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

Name of director	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (Note 1)	Family	428,166,401	41.43%



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

Long position interests in the Company (Continued)

(ii) Share options

Name of director	Capacity	Number of options	Number of underlying shares
Mr. Wong Chi Fai (Note 2)	Beneficial owner	5,000,000	5,000,000
Ms. Fan Man Seung, Vanessa (Note 2)	Beneficial owner	5,000,000	5,000,000

Notes:

1. Worthy Strong Investment Limited ("Worthy Strong") and World Million, both were the indirect wholly-owned subsidiaries of Emperor International Holdings Limited ("EIHL"), were the registered shareholders of 323,391,555 shares and 104,774,846 shares of the Company respectively. EIHL was a company with its shares listed in Hong Kong; Charron Holdings Limited ("Charron") and Lion Empire Investments Limited ("Lion Empire") were the registered shareholders of 823,123,411 shares and 79,433,953 shares of EIHL respectively as at 30th September, 2007. The entire issued share capital of Charron was beneficially owned by The A&A Unit Trust. The entire issued share capital of Lion Empire was beneficially owned by The A&S Unit Trust. Both The A&A Unit Trust and The A&S Unit Trust were under 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 323,391,555 shares held by Worthy Strong and 104,774,846 shares held by World Million. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (spouse of Dr. Albert Yeung and director of the Company) was also deemed to be interested in the above shares held by Worthy Strong and World Million.



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

Long position interests in the Company (Continued)

Notes: (Continued)

2. The share options were granted to directors under the share option scheme of the Company.

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Save as disclosed above, as at 30th September, 2007, 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.

SHARE OPTIONS

The Company adopted a share option scheme ("Scheme") on 2nd 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 of the Company 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.

On 11th August, 2005, a total of 10,000,000 share options were granted to two directors of the Company at an exercise price of HK\$2.2 under the terms of the Scheme. The options were vested immediately at the date of grant.



SHARE OPTIONS (Continued)

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

Name of grantee	Date of grant	Exercise period	Exercise price of the share options	Number of options outstanding as at 1st April, 2007 and 30th September, 2007
Mr. Wong Chi Fai	11th August, 2005	11th August, 2005 to 10th August, 2015	HK\$2.2	5,000,000
Ms. Fan Man Seung, Vanessa	11th August, 2005	11th August, 2005 to 10th August, 2015	HK\$2.2	5,000,000

Save as disclosed herein, no options were granted, lapsed, exercised or cancelled under the Scheme.

Save as disclosed above, at no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable any director or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporates.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2007, 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 ordinary shares of HK\$0.0001 each of the Company

Name of shareholder	Capacity/ Nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
EIHL (<i>Note</i>)	Interest in a controlled corporation	428,166,401	41.43%
Charron (<i>Note</i>)	Interest in a controlled corporation	428,166,401	41.43%
Lion Empire (<i>Note</i>)	Interest in a controlled corporation	428,166,401	41.43%
Jumbo Wealth Limited (<i>Note</i>)	Trustee	428,166,401	41.43%
Perpetual Wealth Investments Limited (<i>Note</i>)	Trustee	428,166,401	41.43%
GZ Trust Corporation ("GZ Trust") (<i>Note</i>)	Trustee	428,166,401	41.43%
Dr. Albert Yeung (<i>Note</i>)	Founder of the Trust	428,166,401	41.43%
OZ Management, L.P.	Investment manager	76,227,257	7.38%
Julius Baer Investment Management L.L.C.	Investment manager	78,423,817	7.59%
Penta Investment Advisers Limited	Investment manager	67,160,000	6.50%
John Zwaanstra	Interest in a controlled corporation	67,160,000	6.50%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (Continued)

Long positions in ordinary shares of HK\$0.0001 each of the Company (Continued)

Note: Worthly Strong and World Million, both were the indirect wholly-owned subsidiaries of EIHL, were the registered shareholders of 323,391,555 shares and 104,774,846 shares of the Company respectively. EIHL was a company with its shares listed in Hong Kong; Charron and Lion Empire were the registered shareholders of 823,123,411 shares and 79,433,953 shares of EIHL respectively as at 30th September, 2007. The entire issued share capital of Charron was beneficially owned by The A&A Unit Trust, the trustee of which was Jumbo Wealth Limited. The entire issued share capital of Lion Empire was beneficially owned by The A&S Unit Trust, the trustee of which was Perpetual Wealth Investments Limited. Both The A&A Unit Trust and The A&S Unit Trust were under the AY Trust (the trustee of which was GZ 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 323,391,555 shares held by Worthly Strong and 104,774,846 shares held by World Million. The above shares were the same shares as those set out in "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 30th September, 2007, the directors of the Company were not aware of any person or corporation (other than the directors and chief executives of the Company) who 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

The Company had complied throughout the Period with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules, except that the non-executive directors of the Company were not appointed for specific terms, however, they are subject to retirement and re-election at each annual general meeting in accordance with the Bye-laws of the Company.



MODEL CODE FOR SECURITIES

The Company had adopted the Model Code contained in Appendix 10 to the Listing Rules as its codes of conduct regarding securities transactions by directors and relevant employees. Having made specific enquiry to all the directors of the Company, all the directors confirmed that they have complied with the Model Code.

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

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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, 18th December, 2007

As at the date hereof, the Board of the Company comprises 1. Chairperson: Ms. Luk Siu Man, Semon, 2. Executive Directors: Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa and Ms. Mok Fung Lin, Ivy 3. Independent Non-executive Directors: Ms. Chan Sim Ling, Irene (Chairperson of the audit committee), Ms. Chan Wiling, Yvonne and Ms. Wan Choi Ha.

