



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

Incorporated in Bermuda with limited liability  
Stock Code: 296



*Unlock  
the secret of luxury*

INTERIM REPORT  
2009/2010



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## FINANCIAL HIGHLIGHTS

|  | Six months ended 30 September   |                                 |
|--|---------------------------------|---------------------------------|
|  | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| Revenue  | 417,684                         | 432,267                         |
| EBITDA:  |                                 |                                 |
| Before non-controlling interests                                       | 149,560                         | 134,483                         |
| After non-controlling interests  | 83,439                          | 74,883                          |
| Loss on fair value change in investment properties<br>attributable to: |                                 |                                 |
| Owners of the Company  | 550                             | 22,966                          |
| Non-controlling interests  | 2,250                           | 53,165                          |
|  | 2,800                           | 76,131                          |
| Profit for the period attributable to owners of the Company            | 51,275                          | 17,372                          |
| Earnings per share – basic and diluted                                 | HK\$0.05                        | HK\$0.02                        |



# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

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

The Macau tourism market had been recovering since early 2009 from the global credit crunch and downturn. However, the plunge of the global economy in late 2008 had resulted in financial market uncertainty, which had put pressure on the growth of gaming industry. Meanwhile, tourist visits to Macau was adversely affected by visa restrictions for Mainland visitors. The tightening visa policy has led to a drop in both visitor arrival and number of Mainland visitors going to Macau. During the six months ended 30 September 2009 (the “Period”), the total number of visitors to Macau amounted to 10.4 million, 7.7% lower than the same period a year ago. Mainland visitors dropped 10.6% to 5.2 million from 5.8 million previously. Average length of stay in Macau by visitors remained relatively short at about 1.5 nights. These all had an adverse impact on the general entertainment and hospitality market.

Despite the challenging market environment, the Group remained to be a resilient player that responded actively and efficiently to competition. The Group – which provides entertainment and hospitality services in Grand Emperor Hotel in Macau (the “Hotel”) – had expanded its capacity and market share in the mass market. More gaming tables at gaming concourse had been offered to better serve the mass market, as competition in the VIP gaming segment continued to be intense and momentum remained weak with uncertainty of the global economic market.

The Group is positive towards the Macau market with China’s robust economic growth in the long term. It had raised its holding in the Hotel project from 50% to 60% in August 2009. On the other hand, Emperor International Holdings Limited (“EIH”) had increased its stake in the Group to approximately 56% as a token of optimism towards the Group’s operations.

The Group had also paid off all bank borrowings during the Period. The Group had improved its financial position and minimised its exposure to interest rate risk.

The Group marked a loss of HK\$2.8 million (2008: HK\$76.1 million) from the fair value change of its investment properties, namely the leasing area of the Hotel, in line with the yet-to-recover property market in Macau. The property market had been volatile and subject to cyclical movements from time to time.

The Group’s earnings before interest, tax, depreciation and amortisation (EBITDA) and before non-controlling interests amounted to approximately HK\$149.6 million, compared with HK\$134.5 million in the previous corresponding period.

Profit attributable to owners of the Company after the aforesaid fair value adjustment was approximately HK\$51.3 million (2008: HK\$17.4 million). Earnings per share was HK\$0.05, compared with HK\$0.02 in 2008.

## Business Review

The Group's projects and developments are discussed as follows:

### Hotel and Gaming Operations

The Group's flagship project, the Hotel had been providing solid contributions following the commencement of its 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.

During the Period, the Group recorded revenue of HK\$417.7 million from its operations in Macau.

### Gaming Revenue

The Group's casino operation is run by licence holder Sociedade de Jogos de Macau, S.A. Despite intensified competition arising from opening of new casinos, capacity expansion of existing casinos and the drop of Mainland visitors following the tightening of visa policy of The People's Republic of China (the "PRC"), the gaming operation had delivered a stable contribution during the Period.

Gaming revenue for the Period amounted to HK\$339.1 million, accounting for approximately 81.2% of the Hotel's total revenue.

#### *Gaming Concourse*

It contributed a gross win of approximately HK\$431.5 million. The Hotel had increased the number of table in the gaming concourse to 60 tables from 52 a year ago. The additional tables were converted from previously leased-out VIP rooms, and demonstrated the Group's strength and flexibility to cope with changes in market condition. Revenue amounted to HK\$189.9 million for the Period. The Hotel, which had established its brand name since opening, had attracted repeated customers and brought in new customers with its comprehensive entertainment and dining facilities, appealing to the tastes of its visitors. Average win for the Period was approximately HK\$41,000 per table per day.

#### *Slot Machines*

During the Period, this sector recorded a gross win of approximately HK\$39.3 million. There were a total of 330 slot seats in the Hotel as at 30 September 2009. The slot machines returned an average win of approximately HK\$690 per seat per day. Revenue was HK\$16.4 million.

#### *VIP Rooms*

The Group self-manages two VIP rooms with 10 tables in total. The VIP rooms had rolling of approximately HK\$9.5 billion. Win percentage (calculated before discounts and commissions) was 3.1%. Revenue was approximately HK\$132.8 million and the average win per table per day was approximately HK\$162,000. The management saw uncertainty and fierce competition in the market and took proactive controls in revising and granting credit, in order to maintain a healthy and prudent financial position and sustain long-term operation, especially in terms of controlling bad-debt level and commission payout.



# MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

## **Non-gaming Revenue**

During the Period, the Hotel recorded approximately HK\$78.6 million non-gaming revenue, amounting to approximately 18.8% of the Hotel's total revenue. It comprised mainly contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club, leased-out VIP room and retail space on the ground floor of the Hotel.

The Hotel reported a steady performance amid market competition. It had established its name among the Hong Kong and Mainland tourists with its value for money and quality service. It had also actively expanded into overseas markets such as Japan and partnered with a number of major tour operators during the Period.

The Hotel's 291 guest rooms received an average daily rate of approximately HK\$760 and occupancy of 62%. Room revenue was approximately HK\$31.2 million. The Hotel had launched festive promotions and packages that were well received by guests. Revenue from food and beverage was approximately HK\$29.4 million. Rental revenue from sauna, night club, leased-out VIP room and retail space was approximately HK\$18.0 million.

## **Property Development**

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. A new Shanghai M10 subway route will be adjacent to the subject site.

The Group had completed the foundation and basement excavation work for the development. The Group is awaiting the outcome of the litigation in relation to the cancellation of a joint venture concerning the development of the project. In the meantime, the Group is reviewing the design and planning to award the contracts for construction above ground. The management is positive over the retail property market in Shanghai in the long term.

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 completion.

## Outlook

Despite sign of recovery in the global economy and financial markets, the year ahead remains challenging and uncertain. The Group is positive towards the future growth of Macau's economy and in particular its tourist industry. The continuous growth in China's economy is expected to benefit the Macau economy in the long term and provides a promising outlook and business environment for the Group.

The Group positions itself, with the operation of the Hotel, as a full-scale entertainment vehicle and hopes to enjoy continuing contributions from gaming and ancillary businesses. The Group hopes to further secure and increase the contribution from its mass market operation. The management will also closely monitor the market development and seek to improve operating margins and enhance efficiency. It looks forward to further utilisation of the Group's execution strength and rich assets in the entertainment industry.

## Acquisition of Additional Interest in A Subsidiary

On 7 July 2009, Great Assets Holdings Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Worthy Strong Investment Limited ("Worthy Strong"), an indirect wholly-owned subsidiary of EIHL, for acquisition of additional 10% interest in Luck United Holdings Limited ("Luck United") and the entire shareholder's loan due from Luck United to Worthy Strong (the "Acquisition"). The Acquisition was completed on 28 August 2009 and its aggregate consideration amounted to approximately HK\$199.5 million, out of which HK\$196.9 million was satisfied by the allotment and issue of 281,322,857 shares of the Company at an issue price of HK\$0.70 per share, as agreed between the parties to the Acquisition, and the balance of approximately HK\$2.6 million was settled by way of cash payment. According to the market price of the shares of the Company at the date of completion of HK\$0.79 per share, the 281,322,857 shares allotted to Worthy Strong were valued at approximately HK\$222.2 million and therefore the Group recorded goodwill of approximately HK\$56.3 million as a result of the Acquisition. Luck United is an investment holding company with its subsidiaries holding the entire interest in the Hotel.

Immediately after the Acquisition, the Group holds 60% interest in Luck United while EIHL becomes an indirect holding company of the Company.



# MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

## Capital Structure

On 28 August 2009, the Company allotted and issued 281,322,857 shares of the Company to Worthly Strong for the Acquisition. As a result, the share capital and share premium of the Company increased by approximately HK\$28,000 and HK\$222.2 million respectively.

## Liquidity and Financial Resources

During the Period, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations and repaid the entire bank borrowings. As at 30 September 2009, advances from minority shareholders of a subsidiary of the Company were approximately HK\$273.1 million, which were denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiary has surplus fund.

The Group's current assets and current liabilities as at the end of the Period were approximately HK\$796.1 million and HK\$506.2 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) decreased from 16.6% in the preceding financial year to 8.6%, which was mainly due to repayment of bank borrowings and advances from related companies and the minority shareholders of a subsidiary of the Company 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 30 September 2009 totaled approximately HK\$482.3 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 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 board of directors (the "Board" or "Directors") of the Company considered to have sufficient working capital for the operations and the future development of the Group.



## Pledge of Assets

As at the end of the Period, assets with carrying values of approximately HK\$1.3 billion were pledged to a bank as security for banking facilities granted to the Group. However, the banking facilities were not utilised as at the end of the Period.

## Commitments and Contingencies

As at 30 September 2009, the Group had capital commitments of approximately HK\$418.5 million, comprising HK\$417.4 million for property development project in Shanghai, the PRC, and HK\$1.1 million for property, plant and equipment in the Hotel.

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\$94.9 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$113.5 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 for 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 ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.



# MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

## Employees and Share Option Scheme

As at 30 September 2009, the Group's number of employee was 947 as compared to 932 as at the end of the preceding financial year. Total staff costs including directors' remuneration for the Period were approximately HK\$63.1 million (2008: HK\$76.8 million). All employees are under remuneration policy of receiving fixed monthly salary with discretionary bonus. 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 in previous years.

## Interim Dividend

The Board of the Company declared the payment of an interim dividend of HK\$0.025 per share ("Dividend") for the financial year ending 31 March 2010 (2008/2009: Nil). Dividend warrants are expected to be sent to shareholders on or around 6 January 2010 (Wednesday) to shareholders whose names appear on the register of members of the Company on 15 December 2009 (Tuesday).

## Closure of Register of Members

The register of members of the Company will be closed from 16 December 2009 (Wednesday) to 18 December 2009 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 December 2009 (Tuesday).




# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The Board of the Company announces 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 2009

|  | Notes | Six months ended 30 September   |                                 |
|--|-------|---------------------------------|---------------------------------|
|  |       | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| Revenue  | 2     | 417,684                         | 432,267                         |
| Cost of sales  |       | (14,785)                        | (18,320)                        |
| Cost of hotel and gaming operations                              |       | (103,576)                       | (104,414)                       |
| Gross profit   |       | 299,323                         | 309,533                         |
| Other income   |       | 4,048                           | 6,067                           |
| Loss on fair value change in investment properties               |       | (2,800)                         | (76,131)                        |
| Impairment loss on property, plant and equipment                 |       | –                               | (9,889)                         |
| Selling and marketing expenses                                   |       | (48,237)                        | (30,850)                        |
| Commission expenses in gaming operations                         |       | (89,494)                        | (106,661)                       |
| Administrative expenses  |       | (60,329)                        | (81,811)                        |
| Finance costs  |       | (10,774)                        | (12,739)                        |
| Profit (loss) before taxation                                    | 4     | 91,737                          | (2,481)                         |
| Taxation   | 5     | (13,060)                        | (5,477)                         |
| Profit (loss) for the period                                     | 3     | 78,677                          | (7,958)                         |
| Other comprehensive income:                                      |       |                                 |                                 |
| Exchange difference arising on translation of foreign operations |       | 424                             | 9,254                           |
| Other comprehensive income for the period                        |       | 424                             | 9,254                           |
| Total comprehensive income for the period                        |       | 79,101                          | 1,296                           |
| Profit (loss) for the period attributable to:                    |       |                                 |                                 |
| Owners of the Company  |       | 51,275                          | 17,372                          |
| Non-controlling interests  |       | 27,402                          | (25,330)                        |
|  |       | 78,677                          | (7,958)                         |
| Total comprehensive income attributable to:                      |       |                                 |                                 |
| Owners of the Company  |       | 51,699                          | 26,626                          |
| Non-controlling interests  |       | 27,402                          | (25,330)                        |
|  |       | 79,101                          | 1,296                           |
| Earnings per share   | 6     |                                 |                                 |
| – Basic  |       | HK\$0.05                        | HK\$0.02                        |
| – Diluted  |       | HK\$0.05                        | HK\$0.02                        |



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2009

|   | Notes | As at   |   |
|---|-------|---|---|
|   |       | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| <b>Non-current assets</b>                                   |       |   |   |
| Investment properties                                       |       | 423,600   | 426,400                                   |
| Property, plant and equipment                               | 8     | 947,716   | 967,540                                   |
| Prepaid lease payments                                      |       | 292,707   | 296,534                                   |
| Property under development                                  | 8     | 573,219   | 570,962                                   |
| Prepayment for acquisition of property, plant and equipment |       | 808   | 518                                       |
| Goodwill  |       | 129,261   | 72,938                                    |
|   |       | <b>2,367,311</b>                                | <b>2,334,892</b>                          |
| <b>Current assets</b>                                       |       |   |   |
| Inventories, at cost  |       | 5,248   | 4,881                                     |
| Trade and other receivables                                 | 9     | 300,583   | 320,568                                   |
| Prepaid lease payments                                      |       | 7,744   | 7,742                                     |
| Pledged bank deposit  |       | 300   | 300                                       |
| Bank balances and cash                                      |       | 482,266   | 527,380                                   |
|   |       | <b>796,141</b>                                  | <b>860,871</b>                            |
| <b>Current liabilities</b>                                  |       |   |   |
| Trade and other payables                                    | 10    | 366,966   | 351,401                                   |
| Amounts due to related companies                            |       | –   | 2,800                                     |
| Amounts due to minority shareholders of a subsidiary        |       | 63,801  | 153,531                                   |
| Taxation payable  |       | 75,442  | 65,580                                    |
| Secured bank borrowings – amounts due within one year       |       | –   | 44,604                                    |
|   |       | <b>506,209</b>                                  | <b>617,916</b>                            |
| Net current assets  |       | <b>289,932</b>                                  | <b>242,955</b>                            |
| Total assets less current liabilities                       |       | <b>2,657,243</b>                                | <b>2,577,847</b>                          |




# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

**As at 30 September 2009**

|  | As at   |   |
|--|---|---|
|  | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| Non-current liabilities                              |   |   |
| Amounts due to minority shareholders of a subsidiary | 209,337   | 203,871                                   |
| Secured bank borrowings – amounts due after one year | –   | 126,954                                   |
| Deferred taxation                                    | 72,945  | 69,747                                    |
|  | <b>282,282</b>                                  | 400,572                                   |
|  | <b>2,374,961</b>                                | 2,177,275                                 |
| Capital and reserves                                 |   |   |
| Share capital  | 129   | 101                                       |
| Reserves   | 1,967,395                                       | 1,716,745                                 |
| Equity attributable to owners of the Company         | <b>1,967,524</b>                                | 1,716,846                                 |
| Non-controlling interests                            | <b>407,437</b>                                  | 460,429                                   |
|  | <b>2,374,961</b>                                | 2,177,275                                 |



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2009

|   | Atributable to owners of the Company |                |                            |                     |                              |                      |               |                     |                     |                  | Non-controlling interests | Total equity     |
|---|--------------------------------------|----------------|----------------------------|---------------------|------------------------------|----------------------|---------------|---------------------|---------------------|------------------|---------------------------|------------------|
|   | Share capital                        | Share premium  | Capital redemption reserve | Contributed surplus | Property revaluation reserve | Share option reserve | Legal reserve | Translation reserve | Accumulated profits | Total            |                           |                  |
|   | HK\$'000                             | HK\$'000       | HK\$'000                   | HK\$'000            | HK\$'000                     | HK\$'000             | HK\$'000      | HK\$'000            | HK\$'000            | HK\$'000         | HK\$'000                  | HK\$'000         |
| As at 1 April 2008  | 101                                  | 188,585        | 668                        | 868,583             | -                            | 3,964                | 287           | 55,246              | 595,805             | 1,713,239        | 479,875                   | 2,193,114        |
| Profit (loss) for the period  | -                                    | -              | -                          | -                   | -                            | -                    | -             | -                   | 17,372              | 17,372           | (25,330)                  | (7,958)          |
| Exchange difference arising on translation of foreign operations  | -                                    | -              | -                          | -                   | -                            | -                    | -             | 9,254               | -                   | 9,254            | -                         | 9,254            |
| Total comprehensive income for the period   | -                                    | -              | -                          | -                   | -                            | -                    | -             | 9,254               | 17,372              | 26,626           | (25,330)                  | 1,296            |
| Reversal of deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary | -                                    | -              | -                          | -                   | -                            | -                    | -             | -                   | -                   | -                | (856)                     | (856)            |
| 2008 final dividend paid in cash  | -                                    | -              | -                          | (40,449)            | -                            | -                    | -             | -                   | -                   | (40,449)         | -                         | (40,449)         |
| As at 30 September 2008   | 101                                  | 188,585        | 668                        | 828,134             | -                            | 3,964                | 287           | 64,500              | 613,177             | 1,699,416        | 453,689                   | 2,153,105        |
| 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 difference 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)         |
| <b>As at 30 September 2009</b>  | <b>129</b>                           | <b>410,802</b> | <b>668</b>                 | <b>804,868</b>      | <b>8,478</b>                 | <b>3,964</b>         | <b>287</b>    | <b>62,396</b>       | <b>675,932</b>      | <b>1,907,524</b> | <b>407,437</b>            | <b>2,374,961</b> |




# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2009

|  | Six months ended 30 September   |                                 |
|--|---------------------------------|---------------------------------|
|  | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| Net cash from operating activities                       | 181,852                         | 312,057                         |
| Net cash used in investing activities                    | (26,078)                        | (17,771)                        |
| Net cash used in financing activities                    | (200,890)                       | (88,015)                        |
| Net (decrease) increase in cash and cash equivalents     | (45,116)                        | 206,271                         |
| Cash and cash equivalents at the beginning of the period | 527,380                         | 189,280                         |
| Effect of foreign exchange rate changes                  | 2                               | 37                              |
| Cash and cash equivalents at the end of the period       |                                 |                                 |
| Bank balances and cash                                   | 482,266                         | 395,588                         |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 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.

In the Period, the Group had adopted certain new Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations (collectively the “New HKFRSs”), issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2009. The adoption of the New HKFRSs had no material effect on how the results and financial position for the current or prior periods have been prepared and presented. Except as described below, the same accounting policies, presentation and methods of computation have been followed in these unaudited condensed consolidated financial statements as were applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2009.

### **HKFRS 8 – Operating Segments**

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments (note 3), but has had no impact on the reported results or financial position of the Group.

### **HKAS 1 (Revised) – Presentation of Financial Statements**

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.






# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. Revenue

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

|   | Six months ended 30 September   |                                 |
|---|---------------------------------|---------------------------------|
|   | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| <b>Hotel and gaming operations</b>                        |                                 |                                 |
| Service income from gaming operation in VIP rooms         | 118,309                         | 145,536                         |
| Service income from gaming operation in mass market halls | 189,924                         | 140,560                         |
| Service income from gaming operation in slot machine hall | 16,421                          | 19,394                          |
| Hotel room income   | 29,659                          | 36,818                          |
| Marketing and promotion income                            | 14,462                          | 23,679                          |
| Food and beverage sales                                   | 29,366                          | 34,462                          |
| Rental income from investment properties                  | 17,738                          | 18,882                          |
| Others  | 1,805                           | 12,936                          |
|   | <b>417,684</b>                  | 432,267                         |

## 3. Segment Information

The Group has adopted HKFRS 8 – Operating Segments with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 – Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. Nevertheless, the Group's reportable segments identified under HKFRS 8 are consistent with the primary reportable format – business segments as determined under HKAS 14.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 3. Segment Information (Continued)

The following is an analysis of the Group's revenue and results by operating segments for the periods under review:

|   | Hotel and<br>gaming<br>operations<br>(Unaudited)<br><i>HK\$'000</i> | Property<br>development<br>(Unaudited)<br><i>HK\$'000</i> | Consolidated<br>(Unaudited)<br><i>HK\$'000</i> |
|---|---|---|--|
| <b>For the six months ended 30 September 2009</b>                                   |   |   |  |
| <b>REVENUE</b>  | <b>417,684</b>  | –   | <b>417,684</b>                                 |
| <b>RESULTS</b>  |   |   |  |
| Segment results   | <b>106,196</b>  | <b>(1,438)</b>  | <b>104,758</b>                                 |
| Imputed interest expense on amounts due to<br>minority shareholders of a subsidiary | <b>(8,708)</b>  | –   | <b>(8,708)</b>                                 |
| Other finance cost  |   |   | <b>(2,066)</b>                                 |
| Unallocated corporate income  |   |   | <b>333</b>                                     |
| Unallocated corporate expenses  |   |   | <b>(2,580)</b>                                 |
| Profit before taxation  |   |   | <b>91,737</b>                                  |
| Taxation  |   |   | <b>(13,060)</b>                                |
| Profit for the period   |   |   | <b>78,677</b>                                  |

  
**NOTES TO THE CONDENSED CONSOLIDATED  
 FINANCIAL STATEMENTS** (Continued)

### 3. Segment Information (Continued)

|   | Hotel and<br>gaming<br>operations<br>(Unaudited)<br><i>HK\$'000</i> | Property<br>development<br>(Unaudited)<br><i>HK\$'000</i> | Consolidated<br>(Unaudited)<br><i>HK\$'000</i> |
|---|---|---|--|
| For the six months ended 30 September 2008  |   |   |  |
| REVENUE   | 432,267   | –   | 432,267  |
| <b>RESULTS</b>  |   |   |  |
| Segment results   | 13,133  | (90)  | 13,043   |
| Imputed interest expense on amounts due to<br>minority shareholders of a subsidiary | (4,318)   | –   | (4,318)  |
| Other finance cost  |   |   | (8,421)  |
| Unallocated corporate income  |   |   | 1,946  |
| Unallocated corporate expenses  |   |   | (4,731)  |
| Loss before taxation  |   |   | (2,481)  |
| Taxation  |   |   | (5,477)  |
| Loss for the period   |   |   | (7,958)  |

### 4. Profit (Loss) Before Taxation

|   | Six months ended 30 September          |  |
|---|--|--|
|   | 2009<br>(Unaudited)<br><i>HK\$'000</i> | 2008<br>(Unaudited)<br><i>HK\$'000</i> |
| Profit (loss) before taxation has been arrived at after charging: |  |  |
| Impairment loss on trade receivables                              | –                                      | 18,721                                 |
| Depreciation of property, plant and equipment                     | 41,359                                 | 36,918                                 |
| Operating lease rental in respect of rented premises              | 2,319                                  | 2,324                                  |
| Release of prepaid lease payments                                 | 3,223                                  | 3,232                                  |
| and after crediting:  |  |  |
| Interest income from bank deposits                                | 333                                    | 1,946                                  |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 5. Taxation

|                                | Six months ended 30 September   |                                 |
|--------------------------------|---------------------------------|---------------------------------|
|                                | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| The charge comprises:          |                                 |                                 |
| Macau Complimentary Income Tax | 9,862                           | 10,300                          |
| Deferred taxation              | 3,198                           | (4,823)                         |
|                                | <b>13,060</b>                   | 5,477                           |

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.

## 6. 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   |                                 |
|--|---------------------------------|---------------------------------|
|  | 2009<br>(Unaudited)<br>HK\$'000 | 2008<br>(Unaudited)<br>HK\$'000 |
| Earnings:  |                                 |                                 |
| Earnings for the purpose of basic and diluted earnings per share | 51,275                          | 17,372                          |

|  | Six months ended 30 September |                     |
|--|-------------------------------|---------------------|
|  | 2009<br>(Unaudited)           | 2008<br>(Unaudited) |
| Number of shares:  |                               |                     |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share | 1,061,953,477                 | 1,011,223,126       |

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 Company's shares.




**NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS** (Continued)

## 7. Dividend

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 Period as the final dividend of 2008/2009. A dividend of HK\$0.04 per share with an aggregate amount of approximately HK\$40,449,000 was paid to the shareholders of the Company during the corresponding period in 2008 as the final dividend of 2007/2008.

## 8. Movements of Property, Plant and Equipment and Property Under Development

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

|   | <b>Property,<br/>plant and<br/>equipment<br/>(Unaudited)</b><br><i>HK\$'000</i> | <b>Property<br/>under<br/>development<br/>(Unaudited)</b><br><i>HK\$'000</i> |
|---|---|--|
| <i>CARRYING AMOUNTS</i>                       |   |  |
| As at 1 April 2009                            | 967,540   | 570,962  |
| Currency realignment                          | –   | 548  |
| Additions                                     | 21,718  | 1,060  |
| Disposals                                     | (183)   | –  |
| Release of prepaid lease payments capitalised | –   | 649  |
| Depreciation                                  | (41,359)  | –  |
| <b>As at 30 September 2009</b>                | <b>947,716</b>  | <b>573,219</b>   |



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### 9. 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 or the Group expecting to obtain collateral over the balance, where the terms are extended to a longer period. At the balance sheet date, the maximum credit period was extended to around 710 days (31 March 2009: 480 days) for certain customers. An aged analysis of the Group's trade receivables (net of allowances) at the balance sheet date is set out below:

|                   | As at   |   |
|-------------------|---|---|
|                   | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| 0 – 30 days       | 92,381  | 94,999                                    |
| 31 – 60 days      | 22,716  | 39,218                                    |
| 61 – 90 days      | 3,000   | 1,464                                     |
| 91 – 180 days     | 2   | 11,370                                    |
| Over 180 days     | 22,563  | 48,240                                    |
|                   | <b>140,662</b>                                  | 195,291                                   |
| Chips on hand     | <b>144,130</b>                                  | 109,423                                   |
| Other receivables | <b>15,791</b>                                   | 15,854                                    |
|                   | <b>300,583</b>                                  | 320,568                                   |

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)

## 10. Trade and Other Payables

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

|                                    | As at   |   |
|------------------------------------|---|---|
|                                    | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| 0 – 30 days                        | 22,602  | 22,386                                    |
| 31 – 60 days                       | 268   | 211                                       |
| 61 – 90 days                       | 125   | 81  |
| 91 – 180 days                      | 209   | 83  |
| Over 180 days                      | 356   | 179                                       |
|                                    | <b>23,560</b>                                   | 22,940                                    |
| Short-term advances                | 15,000  | 15,000                                    |
| Construction payables and accruals | 186,625   | 186,917                                   |
| Other payables and accruals        | 141,781   | 126,544                                   |
|                                    | <b>366,966</b>                                  | 351,401                                   |

## 11. Commitments

|   | As at   |   |
|---|---|---|
|   | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| Authorised but not contracted for in respect of:<br>– property under development  | 2,488   | 2,486                                     |
| Contracted for but not provided in the consolidated<br>financial statements, net of prepayments paid,<br>in respect of:<br>– property under development | 414,905   | 414,486                                   |
| – property, plant and equipment   | 1,074   | 400                                       |
|   | <b>415,979</b>                                  | 414,886                                   |
|   | <b>418,467</b>                                  | 417,372                                   |



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 12. 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 RMB83,620,000 (equivalent to HK\$94,900,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to HK\$113,489,000) 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 end of the Period.
- (b) In January 2007, the Group was sued jointly with its contractor for MOP3,500,000 (equivalent to HK\$3,398,000) 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 ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

## 13. Pledge of Assets

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

|                        | As at   |   |
|------------------------|---|---|
|                        | 30 September<br>2009<br>(Unaudited)<br>HK\$'000 | 31 March<br>2009<br>(Audited)<br>HK\$'000 |
| Hotel property         | 669,814   | 679,179                                   |
| Investment properties  | 423,600   | 426,400                                   |
| Prepaid lease payments | 255,149   | 258,371                                   |
|                        | <b>1,348,563</b>                                | 1,363,950                                 |

The banking facilities were not utilised as at the end of the Period.



  
**NOTES TO THE CONDENSED CONSOLIDATED  
 FINANCIAL STATEMENTS** (Continued)

## 14. 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>2009</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 2008<br>(Unaudited)<br>HK\$'000 |
| Advertising expenses to related companies  | 138  | 145                             |
| Commission to Dr. Yeung Sau Shing, Albert<br>("Dr. Albert Yeung"), a deemed substantial<br>shareholder of the Company, in the capacity<br>of a patron of the Group's VIP rooms | 1,482  | 313                             |
| Professional fee to a related company  | 298  | 209                             |
| Purchase of furnitures from a related company  | 903  | 290                             |
| Rental income from a related company   | 1,970  | 1,536                           |
| Reimbursement of administrative expenses<br>paid by a related company  | 3,421  | 5,986                           |
| Reimbursement of administrative expenses<br>paid by an indirect wholly-owned subsidiary of EIHL  | 655  | -                               |

*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>2009</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 2008<br>(Unaudited)<br>HK\$'000 |
| Short-term benefits | 587  | 860                             |



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

As at 30 September 2009, 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 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<br>(“Ms. Semon Luk”) (Note 1) | Family                       | 720,461,428                           | 55.74%                         |

#### (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<br>(Note 2) | Beneficial owner | 5,000,000         | 5,000,000                   |

#### Notes:

- 720,461,428 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 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/<br>Nature<br>of interests | Number<br>of ordinary<br>share(s)/<br>underlying<br>shares held | Approximate<br>percentage<br>holding |
|----------------------------|---|-------------------------------------|---|--------------------------------------|
| 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<br>("Eternally Smart") (Note 2) | Family                              | 1   | 100%                                 |
| Ms. Semon Luk              | EIHL (Note 2)   | Family                              | 2,053,311,364   | 104.32%                              |
| Ms. Semon Luk              | Surplus Way Profits Limited<br>("Surplus Way") (Note 3) | Family                              | 1   | 100%                                 |
| Ms. Semon Luk              | Emperor Entertainment Group Limited<br>("EEG") (Note 3) | Family                              | 347,341,142   | 133.59%                              |
| Ms. Semon Luk              | Velba Limited ("Velba") (Note 4)                        | Family                              | 1   | 100%                                 |
| Ms. Semon Luk              | New Media Group Holdings Limited<br>("NMG") (Note 4)    | Family                              | 450,000,000   | 75%                                  |
| Ms. Semon Luk              | Allmighty Group Limited<br>("Allmighty Group") (Note 5) | Family                              | 100   | 100%                                 |
| Ms. Semon Luk              | Emperor Watch & Jewellery Limited<br>("EWJ") (Note 5)   | Family                              | 3,370,480,000   | 74.9%                                |
| Mr. Wong Chi Fai           | EIHL (Note 6)   | Beneficial owner                    | 15,000,000  | 0.76%                                |
| Ms. Fan Man Seung, Vanessa | EIHL (Note 6)   | Beneficial owner                    | 15,000,000  | 0.76%                                |
| Ms. Mok Fung Lin, Ivy      | EIHL (Note 6)   | Beneficial owner                    | 2,500,000   | 0.13%                                |

*Notes:*

- Worthy Strong was the substantial shareholder of the Company. 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 2,053,311,364 shares of EIHL refer to (a) 1,053,311,364 shares of EIHL held by Charron and (b) 1,000,000,000 conversion shares of EIHL to be held by Eternally Smart assuming its full exercise of the convertible bond issued by EIHL. 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 said shares.



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

3. EEG is a company with its shares listed in Hong Kong; the 347,341,142 shares of EEG refer to (a) 204,484,000 shares of EEG held by Surplus Way and (b) 142,857,142 conversion shares of EEG assuming full exercise of the convertible bond of EEG by Surplus Way. The entire share capital of Surplus Way 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 Surplus Way and the aforesaid shares in EEG held by Surplus Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
4. NMG is a company with its shares listed in Hong Kong; 450,000,000 shares of NMG were held by Velba. 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 said shares.
5. EWJ is a company with its shares listed in Hong Kong; 3,370,480,000 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 said shares.
6. Share options granted to the directors under the share option scheme of EIHL.

Save as disclosed above, as at 30 September 2009, 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.

On 11 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.

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

| <b>Name of grantee</b>     | <b>Date of grant</b> | <b>Exercise period</b>           | <b>Exercise price of the share options</b> | <b>Number of options outstanding as at 1 April 2009 and 30 September 2009</b> |
|----------------------------|----------------------|----------------------------------|--|---|
| 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   |

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 30 September 2009, 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/<br>Nature of interests     | Number of issued<br>ordinary shares<br>interested<br>in or deemed<br>to be interested | Approximate<br>percentage<br>holding |
|-----------------------------------|--------------------------------------|---|--------------------------------------|
| EIHL ( <i>Note</i> )              | Interest in a controlled corporation | 720,461,428   | 55.74%                               |
| Charron ( <i>Note</i> )           | Interest in a controlled corporation | 720,461,428   | 55.74%                               |
| Million Way ( <i>Note</i> )       | Interest in a controlled corporation | 720,461,428   | 55.74%                               |
| STC International ( <i>Note</i> ) | Trustee                              | 720,461,428   | 55.74%                               |
| Dr. Albert Yeung ( <i>Note</i> )  | Founder of the AY Trust              | 720,461,428   | 55.74%                               |
| Penta Investment Advisers Limited | Investment manager                   | 116,365,000   | 9.00%                                |
| John Zwaanstra                    | Beneficial owner                     | 116,365,000   | 9.00%                                |

*Note:* 720,461,428 shares of the Company were held by Worthly 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 Worthly Strong. 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 30 September 2009, the Directors or chief executives 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

### 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 the rules governing dealings by the Directors in the listed securities of the Company. 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, 1 December 2009

*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*