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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 296)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2010**

**INTERIM RESULTS**

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2010 (the “Period”) together with the comparative figures for the corresponding period in 2009 as set out below.

**FINANCIAL HIGHLIGHTS**

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

\* For identification purposes only

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 September 2010*

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 September 2010*

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2010</b>	2010
	<b>(Unaudited)</b>	(Restated)
<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current assets</b>		
Investment properties	<b>1,692,100</b>	1,617,800
Property, plant and equipment	<b>1,158,739</b>	1,183,571
Deposits paid for acquisition of property, plant and equipment	<b>3,985</b>	5,257
Goodwill	<b>110,960</b>	110,960
	<hr/> <b>2,965,784</b>	<hr/> 2,917,588
<b>Current assets</b>		
Inventories, at cost	<b>6,443</b>	6,741
Trade and other receivables	<b>354,060</b>	302,637
Pledged bank deposit	<b>300</b>	300
Bank balances and cash	<b>720,956</b>	573,398
	<hr/> <b>1,081,759</b>	<hr/> 883,076
<b>Current liabilities</b>		
Trade and other payables	<b>355,423</b>	290,944
Amount due to a fellow subsidiary	<b>–</b>	2,435
Amounts due to minority shareholders of a subsidiary	<b>100,477</b>	117,028
Taxation payable	<b>116,382</b>	96,686
	<hr/> <b>572,282</b>	<hr/> 507,093
Net current assets	<hr/> <b>509,477</b>	<hr/> 375,983
Total assets less current liabilities	<hr/> <b>3,475,261</b>	<hr/> 3,293,571

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 September 2010

	As at	
	30 September 2010 (Unaudited) HK\$'000	31 March 2010 (Restated) HK\$'000
Non-current liabilities		
Amounts due to minority shareholders of a subsidiary	166,435	162,334
Deferred taxation	231,072	215,779
	<u>397,507</u>	<u>378,113</u>
	<u>3,077,754</u>	<u>2,915,458</u>
Capital and reserves		
Share capital	129	129
Reserves	2,587,491	2,471,991
	<u>2,587,620</u>	<u>2,472,120</u>
Equity attributable to owners of the Company	490,134	443,338
Minority interests	<u>3,077,754</u>	<u>2,915,458</u>

*Notes:*

**1. BASIS OF PREPARATION**

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

**2. PRINCIPAL ACCOUNTING POLICIES**

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which were adjusted to fair value at initial recognition and investment properties which are measured at fair values, as appropriate.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2010, except as described below.

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

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

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

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

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

Notes: (Continued)

**2. PRINCIPAL ACCOUNTING POLICIES (Continued)**

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

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

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

**3. REVENUE**

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

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

Notes: (Continued)

#### 4. SEGMENT INFORMATION

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

The segment information reported to the Executive Directors is focused on individual unit of operation. For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from VIP rooms, mass market halls and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Group is currently organised into operating segments as follows: gaming operation, hotel operation and property development.

Principal activities of the operating segments are as follows:

- |                      |   |   |
|----------------------|---|---|
| Gaming operation     | – | Mass market halls, slot machine hall and VIP room operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau |
| Hotel operation      | – | Hotel operation in the Grand Emperor Hotel in Macau   |
| Property development | – | Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People’s Republic of China (the “PRC”)   |

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

Inter-segment revenue are charged at prevailing market rate.

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

Notes: (Continued)

**4. SEGMENT INFORMATION (Continued)**

*For the six months ended 30 September 2010*

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



Notes: (Continued)

**4. SEGMENT INFORMATION (Continued)**

For the six months ended 30 September 2009

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

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

Notes: (Continued)

## 5. PROFIT BEFORE TAXATION

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

## 6. TAXATION

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

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

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there were no estimated assessable profits for both periods.

Notes: (Continued)

## 7. EARNINGS PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Earnings:		
Earnings for the purpose of basic and diluted earnings per share	<b><u>170,020</u></b>	<u>51,275</u>
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2010</b>	2009
	<b>(Unaudited)</b>	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<b><u>1,292,545,983</u></b>	<u>1,061,953,477</u>

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of the Company's shares for both periods.

Notes: (Continued)

#### 8. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period. An aged analysis of the Group's trade receivables (net of allowances) based on the date of credit granted at the end of the reporting period is set out below:

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

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

Notes: (Continued)

## 9. TRADE AND OTHER PAYABLES

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

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

## 10. DIVIDEND

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

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

### **MARKET REVIEW**

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

### **FINANCIAL REVIEW**

#### **Overall Review**

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

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

#### **Liquidity and Financial Resources**

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

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

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

### **Pledge of Assets**

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

## **BUSINESS REVIEW**

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

### **Gaming and Hotel Operations**

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

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

### ***Gaming Revenue***

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

### ***Gaming Concourse***

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

### *Slot Machines*

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

### *VIP rooms*

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

### **Hotel Revenue**

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

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

### **Property Development**

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

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



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

## **OUTLOOK**

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

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

## **CONTINGENT LIABILITIES**

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

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2010, the Group's number of employee was 977 as compared to 965 as at the end of the preceding financial year. Total staff costs including directors' remuneration for the Period were approximately HK\$122.9 million (2009: HK\$63.1 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 September 2002. During the Period, the Company did not grant any option under the share option scheme and the outstanding share options as at the end of the Period was 10,000,000 share options which were granted to certain Directors in August 2005.

## **INTERIM DIVIDEND**

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

## **CLOSURE OF REGISTER OF MEMBERS**

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

## **REVIEW OF INTERIM RESULTS**

These condensed consolidated financial statements of the Group have not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

## **CORPORATE GOVERNANCE**

### **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 for Securities Transactions by Directors of Listed Issuers (“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.

### **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.

### **PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the Company’s website (<http://www.emp296.com>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 24 November 2010

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

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

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

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