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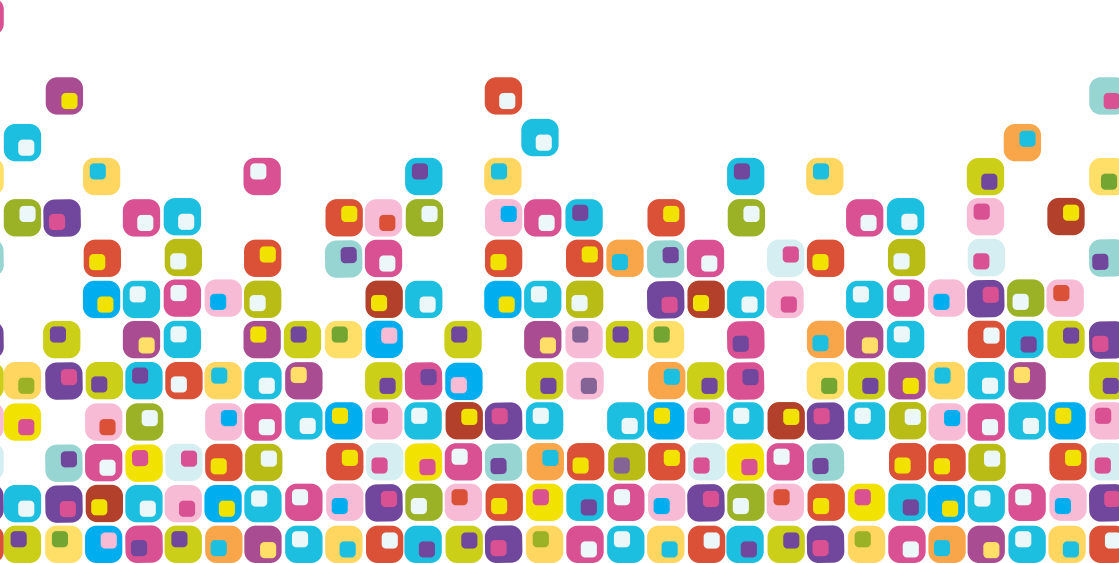
Emperor Entertainment Group Limited

英皇娛樂集團有限公司

(Incorporated in Bermuda with limited liability)

(GEM Stock Code: 8078)

# Interim Report 2009-2010



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## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

The Company and its subsidiaries (collectively referred to as the “Group”) reported revenue from continuing and discontinued operations of approximately HK\$90.2 million for the six months ended 31st December 2009 (the “Half Yearly Period”), compared with approximately HK\$79.2 million for the corresponding period a year ago. The Group had narrowed its net loss to HK\$33.9 million from HK\$42.5 million from the previous period.

The artiste management business segment contributed turnover of approximately HK\$20.3 million, versus HK\$32.8 million in 2008, accounting for 22.5% of the Group’s total revenue. Income of this division is subject to fluctuation because of changes in global and local economic climate and advertising spendings.

The Group also engages in organising concerts and stage performance. This segment recorded income of approximately HK\$8.5 million (2008: HK\$9.5 million), which contributed 9.4% to the Group’s total revenue. During the Half Yearly Period, the Group organised a stage event and a number of music concerts. The events were well received by the audience.

The music production and distribution segment serves as a channel to boost the popularity of the Group’s artistes as well as provides synergy and promotion to other operations of the Group. The business segment reported turnover of approximately HK\$20.9 million (2008: HK\$18.0 million), amounting to 23.2% of the Group’s total revenue.

During the Half Yearly Period, the Group released 20 music albums. Sales of music albums amounted to approximately HK\$6.0 million (2008: HK\$7.3 million). Copyright licensing income provided revenue of approximately HK\$11.0 million (2008: HK\$8.6 million). Income from provision of multimedia content to telecommunications operators was approximately HK\$3.9 million (2008: HK\$2.1 million).

The Group received from film and television programme production and distribution revenue of approximately HK\$40.5 million during the Half Yearly Period, up from HK\$18.9 million previously. Revenue, mainly contributed from releases of films and a television programme, accounted for 44.9% of the Group’s total revenue.

During the Half Yearly Period, the Group released a self-invested film and a co-invested film. It had also distributed two films and co-distributed five imported films to both critical and box-office acclaims. The Group was also involved in the post production of a handful of films, which were set for commercial release later in 2010.

On the other hand, the Group had actively participated in overseas film festivals and launched pre-sales of some movie productions. These commercial titles were well received although the international market was still gingerly recovering from the global economic meltdown from the previous year.

### PROSPECTS

In December 2009, the Company announced to acquire a minority stake in Dragonlott Group, which provides technical support and consultancy services in relation to sports lottery in The People’s Republic of China (the “PRC”). The investment would allow the Group to diversify its business into new business ventures with prospective future and tap into high-growth market.

## MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

### **PROSPECTS** (Continued)

The Company also announced to dispose some of the existing businesses which had been tying up the cashflow, leaving limited resources for the growth of the Group. The management believed such arrangements were in the best interests of the Company and its shareholders.

Upon completion of the disposal, the Group would continue and mainly focus on its film and television programme production, distribution and licensing business. The Group would remain active in film production and distribution. A number of films, including some acquired ones under co-distribution arrangements, were scheduled for release in the second half of the financial year.

Looking forwards, the Group will continue to look for new business opportunities for expanding the Group's business, while strengthening its existing operations and enhancing cost efficiency and profitability.

### **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

During the Half Yearly Period, there is no material change in capital structure of the Group as disclosed in its annual report of the financial year 2008/2009.

On 11th September 2009, the Company entered into a subscription agreement with Surplus Way Profits Limited ("Surplus Way"), the immediate holding company of the Company, pursuant to which a convertible bond in the principal amount of HK\$100.0 million was issued to Surplus Way on 21st October, 2009 whereupon the same amount of loan due from the Group to Surplus Way was applied to set off against the subscription price of HK\$100.0 million of the convertible bond.

As at 31st December, 2009, total borrowings (excluding payables) amounted to approximately HK\$233.4 million (30th June, 2009: HK\$191.2 million) and the Group's gearing ratio (expressed as a percentage of total borrowings over total assets) was 77% (30th June, 2009: 82%). In addition to its share capital and reserves, the Group made use of cash flow generated from operations and advances from Surplus Way to finance its operation. The advances from Surplus Way were denominated in Hong Kong dollars, unsecured and interest bearing at the Hong Kong prime rate. The Group also obtained the financial support from Surplus Way, which committed to provide continuous financial support to the Group by providing adequate funds and agreed not to demand repayment of the advances at least the next twelve months from the balance sheet date or until the Group has the ability to do so, whichever is the latter.

Other than disclosed above, the Group had no other external borrowings. The Group's bank and cash held in hand were mainly denominated in U.S. dollars, Hong Kong dollars and Renminbi. The Group managed its foreign exchange risk by closely monitoring the movement of the foreign currency rates. The management conducted periodical review of foreign currency exposure and would take appropriate measures to mitigate the risk should the need arise. The Group experienced no significant exposure to foreign exchange rate fluctuation during the Half Yearly Period.

Together with the cash flow generated by the operation of the Group in its ordinary course of business and the financial support from Surplus Way, the board of directors (the "Board") expected the Group to have sufficient working capital for its operation.

**COMMITMENTS**

Total commitments of the Group as at 31st December, 2009 was approximately HK\$109.5 million (30th June, 2009: HK\$145.6million), which comprised HK\$2.2 million for operating leases in respect of rented premises, HK\$7.4 million for artiste fees and HK\$99.9 million for film production costs.

**CONTINGENT LIABILITIES**

During the Half Yearly Period, there is no significant change in the contingent liabilities of the Group as disclosed in its annual report of the financial year 2008/2009.

**NUMBER AND REMUNERATION OF EMPLOYEES**

The Group's number of employees as at 31st December, 2009 was 113 (30th June, 2009: 112) and total staff costs for the Half Yearly Period were approximately HK\$22.7 million (2008: HK\$23.6 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contributions to retirement benefit scheme, medical insurances and other fringe benefits. To provide incentive or rewards to the employees, the Company has adopted a share option scheme in year 2004. No option was granted or outstanding during the Half Yearly Period.

**POST BALANCE SHEET DATE EVENTS***Conversion of Convertible Bond*

Up to the date of this report, convertible bonds in the principal amount of HK\$20.0 million have been converted into 28,571,426 new shares of the Company which make the Company's issued share capital and share premium increased by approximately HK\$0.3 million and HK\$19.7 million respectively.

*EEG Subscription and Use of Proceeds*

On 21st December, 2009, the Company has entered into the subscription agreements with several independent third parties, pursuant to which the Company agreed to allot and issue and the independent third parties agreed to subscribe a total of 52,000,000 new shares of the Company at a subscription price of HK\$0.72 per share ("EEG Subscription"). The EEG Subscription was completed on 13th January, 2010. This makes the Company's issued share capital and share premium further increased by approximately HK\$0.5 million and HK\$36.7 million respectively. The net proceeds from the EEG Subscription amounted to approximately HK\$37.2 million, out of which HK\$35.8 million had been applied to the Dragonlott Subscription as described below.

*Dragonlott Subscription*

Glow Plus Limited ("Glow Plus"), a direct wholly-owned subsidiary of the Company has entered into the subscription agreement on 21st December, 2009 with Dragonlott Holdings Limited ("Dragonlott"), pursuant to which Glow Plus agreed to subscribe and Dragonlott agreed to allot and issue 10,000,000 new shares of Dragonlott at a consideration of HK\$50.0 million ("Dragonlott Subscription"). The subscription monies will be used by Dragonlott and its subsidiaries as the working capital for setting up the consultancy business in relation to lottery in the PRC. Completion of the Dragonlott Subscription took place on 21st January, 2010 and the Group is now interested in approximately 14.81% of Dragonlott.

The Board announces the unaudited condensed consolidated financial statements of the Group for the three months ended 31st December, 2009 (the "Quarterly Period") and the Half Yearly Period together with the comparative figures for the corresponding periods in 2008 as set out below.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 31st December, 2009

	Notes	Three months ended 31st December,		Six months ended 31st December,	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) (Restated) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) (Restated) HK\$'000
<b>Continuing operations</b>					
Revenue	2 & 3	32,418	45,536	60,841	51,712
Other income		1,708	975	3,395	1,501
Cost of film and television programme production and distribution		(47,320)	(11,002)	(62,043)	(55,932)
Selling and distribution costs		(2,562)	(32)	(6,072)	(13,019)
Administrative expenses		(10,364)	(11,735)	(20,162)	(21,280)
Finance costs		(6,651)	(2,252)	(8,846)	(5,029)
Share of results of a jointly controlled entity		520	613	854	455
(Loss) profit before taxation	4	(32,251)	22,103	(32,033)	(41,592)
Taxation	5	(734)	1	(778)	(38)
(Loss) profit for the period from continuing operations		(32,985)	22,104	(32,811)	(41,630)
<b>Discontinued operations</b>					
Profit (loss) for the period from discontinued operations	6	488	2,619	(1,056)	(835)
(Loss) profit for the period		(32,497)	24,723	(33,867)	(42,465)
<b>Other comprehensive income:</b>					
Exchange differences on translation of foreign operations		44	1,401	48	1,381
Share of change in equity of a jointly controlled entity		2	226	2	226
Total comprehensive income for the period		(32,451)	26,350	(33,817)	(40,858)

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the three months and six months ended 31st December, 2009

	Note	Three months ended 31st December,		Six months ended 31st December,	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) (Restated) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) (Restated) HK\$'000
(Loss) profit for the period attributable to:					
Owners of the Company		(32,497)	24,723	(33,867)	(42,465)
Non-controlling interests		-	-	-	-
		<b>(32,497)</b>	24,723	<b>(33,867)</b>	(42,465)
Total comprehensive income attributable to:					
Owners of the Company		(32,451)	26,350	(33,817)	(40,858)
Non-controlling interests		-	-	-	-
		<b>(32,451)</b>	26,350	<b>(33,817)</b>	(40,858)
(Loss) earnings per share	7				
From continuing and discontinued operations					
– basic		(12.50) cents	9.51 cents	(13.03) cents	(16.33) cents
– diluted		(7.48) cents	N/A	(9.22) cents	N/A
From continuing operations					
– basic		(12.69) cents	8.50 cents	(12.62) cents	(16.01) cents
– diluted		(7.61) cents	N/A	(8.88) cents	N/A



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2009

	Notes	As at	
		31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	912	1,994
Interests in jointly controlled entities		3,567	4,981
Prepayments and other receivables		–	10,933
Film rights	8	114,230	63,120
		<b>118,709</b>	<b>81,028</b>
<b>Current assets</b>			
Inventories and record masters		36	2,702
Trade receivables	9	19,006	27,019
Prepayments and other receivables		31,517	59,039
Loan to a jointly controlled entity		12,297	10,817
Bank balances and cash		32,651	51,288
		<b>95,507</b>	<b>150,865</b>
Assets classified as held for sale	6	89,919	–
		<b>185,426</b>	<b>150,865</b>
<b>Current liabilities</b>			
Trade payables	10	8,114	20,518
Other payables and accrued charges		25,734	65,499
Loan from a minority shareholder of a subsidiary		2,000	2,000
Taxation payable		–	568
		<b>35,848</b>	<b>88,585</b>
Liabilities directly associated with assets classified as held for sale	6	78,377	–
		<b>114,225</b>	<b>88,585</b>
<b>Net current assets</b>		<b>71,201</b>	<b>62,280</b>
<b>Total assets less current liabilities</b>		<b>189,910</b>	<b>143,308</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31st December, 2009

		As at	
	Note	31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Amount due to immediate holding company		165,293	189,223
Convertible bond	11	66,069	–
		<b>231,362</b>	189,223
<b>Net liabilities</b>			
		<b>(41,452)</b>	(45,915)
<b>Capital and reserves</b>			
Share capital		2,600	2,600
Reserves		(42,111)	(46,574)
<b>Equity attributable to owners of the Company</b>			
		<b>(39,511)</b>	(43,974)
Non-controlling interests		(1,941)	(1,941)
<b>Total equity</b>			
		<b>(41,452)</b>	(45,915)

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 31st December, 2009

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Contributed surplus	Convertible			Accumulated losses	Total		
				bond equity reserve	Special reserve	Translation reserve				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1st July, 2008	2,600	105,614	83,783	-	75,000	1,389	(248,657)	19,729	(1,941)	17,788
Loss for the period	-	-	-	-	-	-	(42,465)	(42,465)	-	(42,465)
Exchange differences on translation of foreign operations	-	-	-	-	-	1,381	-	1,381	-	1,381
Share of changes in equity of a jointly controlled entity	-	-	-	-	-	226	-	226	-	226
Total comprehensive income for the period	-	-	-	-	-	1,607	(42,465)	(40,858)	-	(40,858)
At 31st December, 2008	2,600	105,614	83,783	-	75,000	2,996	(291,122)	(21,129)	(1,941)	(23,070)
At 1st July, 2009	2,600	105,614	83,783	-	75,000	2,971	(313,942)	(43,974)	(1,941)	(45,915)
Loss for the period	-	-	-	-	-	-	(33,867)	(33,867)	-	(33,867)
Exchange differences on translation of foreign operations	-	-	-	-	-	48	-	48	-	48
Share of changes in equity of a jointly controlled entity	-	-	-	-	-	2	-	2	-	2
Total comprehensive income for the period	-	-	-	-	-	50	(33,867)	(33,817)	-	(33,817)
Recognition of equity component of convertible bond	-	-	-	38,280	-	-	-	38,280	-	38,280
At 31st December, 2009	2,600	105,614	83,783	38,280	75,000	3,021	(347,809)	(39,511)	(1,941)	(41,452)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31st December, 2009

	<b>Six months ended 31st December,</b>	
	<b>2009 (Unaudited) HK\$'000</b>	<b>2008 (Unaudited) HK\$'000</b>
Net cash from operating activities	<b>54,315</b>	46,171
Net cash used in investing activities	<b>(130,079)</b>	(24,774)
Net cash from (used in) financing activities	<b>71,573</b>	(21,218)
Net (decrease) increase in cash and cash equivalents	<b>(4,191)</b>	179
Cash and cash equivalents at beginning of the period	<b>51,288</b>	32,545
Effect of foreign exchange rate changes	<b>3</b>	226
Cash and cash equivalents at end of the period	<b>47,100</b>	32,950
Analysis of the balances of cash and cash equivalents:		
Bank balances and cash	<b>32,651</b>	32,950
Bank balances and cash included in assets classified as held for sale	<b>14,449</b>	-
	<b>47,100</b>	32,950

## NOTES

### **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 Chapter 18 to the GEM Listing Rules.

In preparing the unaudited condensed consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of its net liabilities of HK\$41,452,000 as at 31st December, 2009. The Group has obtained the financial support from Surplus Way, the immediate holding company, which committed to provide continuous financial support to the Group by providing adequate funds and agreed not to demand repayment of the amount due to it for at least the next twelve months from the balance sheet date or until the Group has the ability to repay the amount, whichever is the latter. Based on the above, the directors believe that the Group will have sufficient cash resources to satisfy its future working capital. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a going concern basis.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which were measured at fair values on initial recognition.

In the Half Yearly Period, the Group had adopted certain new Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations (collectively referred to as “new HKFRSs”), issued by the HKICPA that are effective for accounting periods beginning on or after 1st July, 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 30th June, 2009.

#### *HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations*

In HKFRS 5, non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition (note 6).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

The combined results of the discontinued operations (i.e. event production and music production and distribution businesses) are separately shown in the unaudited condensed consolidated statement of comprehensive income and its comparative figures are re-presented to include those operations classified as discontinued in the current period.

## NOTES (Continued)

**1. Basis of Preparation and Principal Accounting Policies (Continued)***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 (Continued)

**2. Revenue**

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

	Three months ended 31st December,		Six months ended 31st December,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Continuing operations</b>				
Artiste management fee income	11,637	28,888	20,325	32,788
Film and television programme production, distribution and licensing				
– production of films and television programmes and licensing of the corresponding rights	20,612	16,495	40,124	18,271
– distribution of films and television programmes	169	153	392	653
	20,781	16,648	40,516	18,924
	32,418	45,536	60,841	51,712
<b>Discontinued operations</b>				
Event production				
– gross revenue of self-organised events	1,451	–	2,527	5,617
– share of income (loss) from jointly organised events	43	(152)	473	(122)
– income from provision of event production services	5,510	2,706	5,510	3,996
	7,004	2,554	8,510	9,491
Music production and distribution				
– sales of albums	3,039	2,978	5,985	7,262
– licence income	5,863	3,768	10,998	8,641
– multimedia income	2,482	1,234	3,869	2,076
	11,384	7,980	20,852	17,979
	18,388	10,534	29,362	27,470
	50,806	56,070	90,203	79,182

### 3. Segment Information

The Group has adopted HKFRS 8 Operating Segments with effect from 1st July, 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.

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

For the six months ended 31st December, 2009

	Continuing operations			Discontinued operations			Consolidated (Unaudited) HK\$'000
	Artiste management (Unaudited) HK\$'000	Film and television programme, production, distribution and licensing (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Event production (Unaudited) HK\$'000	Music production and distribution (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	
<b>REVENUE</b>	20,325	40,516	60,841	8,510	20,852	29,362	90,203
<b>RESULTS</b>							
Segment results	10,913	(32,987)	(22,074)	(1,477)	421	(1,056)	(23,130)
Other income not allocated to principal activities			612			-	612
Unallocated corporate expenses			(2,579)			-	(2,579)
Finance costs			(8,846)			-	(8,846)
Share of results of a jointly controlled entity (Note)			854			-	854
Loss before taxation			(32,033)			(1,056)	(33,089)
Taxation			(778)			-	(778)
Loss for the period			(32,811)			(1,056)	(33,867)



NOTES (Continued)

**3. Segment Information** (Continued)

For the six months ended 31st December, 2008

	Continuing operations			Discontinued operations			
	Artiste management (Unaudited) HK\$'000	Film and television programme, production, distribution and licensing (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Event production (Unaudited) HK\$'000	Music production and distribution (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Consolidated (Unaudited) HK\$'000
REVENUE	32,788	18,924	51,712	9,491	17,979	27,470	79,182
<b>RESULTS</b>							
Segment results	11,079	(45,937)	(34,858)	(743)	(92)	(835)	(35,693)
Other income not allocated to principal activities			759			-	759
Unallocated corporate expenses			(2,919)			-	(2,919)
Finance cost			(5,029)			-	(5,029)
Share of results of a jointly controlled entity (Note)			455			-	455
Loss before taxation			(41,592)			(835)	(42,427)
Taxation			(38)			-	(38)
Loss for the period			(41,630)			(835)	(42,465)

*Note:* The share of results of a jointly controlled entity belongs to the segment of film and television programme production, distribution and licensing.

**4. (Loss) Profit Before Taxation**

	Continuing operations		Discontinued operations		Consolidated	
	Three months ended 31st December,		Three months ended 31st December,		Three months ended 31st December,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
(Loss) profit before taxation has been arrived at after charging:						
Allowance for bad and doubtful debts	-	-	284	-	284	-
Amortisation for film rights charged to cost of film and television programme production, and distribution	11,681	12,140	-	-	11,681	12,140
Depreciation of property plant and equipment	266	213	36	104	302	317
Impairment loss on film rights recognised and included in cost of film and television programme production, distribution and licensing	32,714	-	-	-	32,714	-
and after crediting:						
Impairment loss on film rights reversed and included in cost of film and television programme production, distribution and licensing	-	1,627	-	-	-	1,627
Reversal of allowance for bad and doubtful debts	-	7	-	-	-	7

NOTES (Continued)

**4. (Loss) Profit Before Taxation** (Continued)

	Continuing operations		Discontinued operations		Consolidated	
	Six months ended 31st December,		Six months ended 31st December,		Six months ended 31st December,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Loss before taxation has been arrived at after charging:						
Allowance for bad and doubtful debts	-	75	-	1,951	-	2,026
Amortisation for film rights charged to cost of film and television programme production, and distribution	25,892	12,763	-	-	25,892	12,763
Depreciation of property plant and equipment	516	421	83	213	599	634
Impairment loss on film rights recognised and included in cost of film and television programme production, distribution and licensing	33,001	42,005	-	-	33,001	42,005
Impairment loss on prepaid artiste fees and included in selling and distribution costs	-	6,762	-	-	-	6,762
Impairment loss on loans to artistes and included in selling and distribution costs	-	4,827	-	-	-	4,827
and after crediting:						
Reversal of allowance for bad and doubtful debts	-	-	52	-	52	-

**5. Taxation**

The charges for the Quarterly Period and the Half Yearly Period represent Hong Kong Profit Tax calculated at 16.5% of the estimated assessable profits for these periods.

The credit for the three months ended 31st December, 2008 represented the overprovision of taxation in the prior period while the charge for the six months ended 31st December, 2008 represented Hong Kong Profit Tax calculated at 16.5% of the estimated assessable profit for that period.

No provision for income tax in respect of operations in overseas has been made as the Group has no assessable profits in the respective jurisdictions for these periods.

**6. Discontinued Operations and Assets Classified as Held for Sale**

On 16th December, 2009, the Group entered into an agreement to dispose of the entire interests of EEG Holdings Limited and its subsidiaries (collectively referred to as the “EEG Holdings Group”), which carried out the businesses of event production, music production and distribution and part of the artiste management and film and television programme production, distribution and licensing, to Gain Wealth Investments Limited, an indirect wholly-owned subsidiary of the substantial shareholder of the Company. Up to the date of this report, the disposal is yet completed and subject to the independent shareholders’ approval at the special general meeting to be convened by the Company.

After the disposal of the EEG Holdings Group, the Group will cease the businesses of event production and music production and distribution (i.e. discontinued operations). The profit (loss) for the periods from the discontinued operations are analysed as follows:

	Three months ended 31st December,		Six months ended 31st December,	
	2009 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000	2009 (Unaudited) HK\$’000	2008 (Unaudited) HK\$’000
Revenue	18,388	10,534	29,362	27,470
Other income	2,788	2,344	3,633	3,432
Cost of self-organised events	(1,697)	(100)	(3,779)	(4,436)
Cost of provision of event production services	(4,619)	(1,531)	(4,619)	(2,326)
Cost of music production and distribution	(7,654)	(4,898)	(13,231)	(10,586)
Selling and distribution costs	(323)	(52)	(640)	(626)
Administrative expenses	(6,395)	(3,678)	(11,782)	(13,763)
<b>Profit (loss) for the period</b>	<b>488</b>	<b>2,619</b>	<b>(1,056)</b>	<b>(835)</b>

## NOTES (Continued)

### 6. Discontinued Operations and Assets Classified as Held for Sale (Continued)

The major classes of assets and liabilities comprising the EEG Holdings Group classified as held for sale at the balance sheet date are analysed as follows:

	<b>As at 31st December, 2009 (Unaudited) HK\$'000</b>
Property, plant and equipment	579
Interests in jointly controlled entities	2,270
Prepayments and other receivables – non-current portion	8,931
Prepayments and other receivables – current portion	24,516
Film rights	18,718
Inventories and record masters	2,913
Trade receivables	17,543
Bank balances and cash	14,449
<b>Total assets classified as held for sale</b>	<b>89,919</b>
Trade payables	4,432
Other payables and accrued charges	72,591
Taxation payable	1,354
<b>Total for liabilities directly associated with assets classified as held for sale</b>	<b>78,377</b>
<b>Net assets of the EEG Holdings Group</b>	<b>11,542</b>

**7. (Loss) Earnings per Share***From continuing and discontinued operations*

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

	Three months ended 31st December,		Six months ended 31st December,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>(Loss) earnings</b>				
(Loss) earnings for the purpose of calculating basic (loss) earnings per share	(32,497)	24,723	(33,867)	(42,465)
Effect of dilutive potential ordinary shares: Interest on convertible bond (net of tax)	4,816		4,816	
(Loss) earnings for the purpose of calculating diluted (loss) earnings per share	(27,681)		(29,051)	
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of calculating basic (loss) earnings per share	260,000,000	260,000,000	260,000,000	260,000,000
Effect of dilutive potential ordinary shares: Convertible bond	110,248,447		55,124,223	
Weighted average number of ordinary shares for the purpose of calculating diluted (loss) earnings per share	370,248,447		315,124,223	

NOTES (Continued)

**7. (Loss) Earnings per Share** (Continued)

*From continuing operations*

The calculation of the basic and diluted (loss) earnings per share from the continuing operations attributable to the owners of the Company is based on the following data:

	Three months ended 31st December,		Six months ended 31st December,	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
(Loss) profit for the period attributable to the owners of the Company	(32,497)	24,723	(33,867)	(42,465)
Less: Profit (loss) for the period from the discontinued operations	488	2,619	(1,056)	(835)
(Loss) earnings for the purpose of calculating basic (loss) earnings per share from the continuing operations	(32,985)	22,104	(32,811)	(41,630)
Effect of dilutive potential ordinary shares: Interest on convertible bond (net of tax)	4,816		4,816	
(Loss) earnings for the purpose of calculating diluted (loss) earnings per share from the continuing operations	(28,169)		(27,995)	

*From discontinued operations*

Basic and diluted earnings per share from the discontinued operations for the Quarterly Period are HK\$0.19 cent and HK\$0.13 cent (2008: HK\$1.01 cent and n/a) respectively, based on the profit for the periods from the discontinued operations of approximately HK\$488,000 (2008: HK\$2,619,000). Basic and diluted loss per share from the discontinued operations for the Half Yearly Period are HK\$0.41 cent and HK\$0.34 cent (2008: HK\$0.32 cent and n/a) respectively, based on the loss for the periods from the discontinued operations of approximately HK\$1,056,000 (2008: HK\$835,000).

The denominators used are the same as those detailed above for both basic and diluted (loss) earnings per share from the continuing and discontinued operations.

Diluted (loss) earnings per share for the three months and the six months ended 31st December, 2008 have not been presented as the Company had no dilutive potential ordinary shares for that periods.

**8. Movements in Property, Plant and Equipment and Film Rights**

During the Half Yearly Period, including those classified as part of the EEG Holdings Group held for sale, the Group acquired property, plant and equipment at a cost of approximately HK\$95,000 (2008: HK\$101,000) and spent approximately HK\$128,721,000 (2008: HK\$23,774,000) on cost of film rights. No disposal of property plant and equipment was made during the Half Yearly Period (2008: net book value of HK\$13,000).

**9. Trade Receivables**

The Group allows credit periods of up to 60 days to its trade customers. The following is an aged analysis of trade receivables, net of allowance for bad and doubtful debts which include those classified as part of the EEG Holdings Group held for sale at the balance sheet date:

	As at	
	31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
Current	29,480	17,782
Overdue		
0 - 30 days	743	1,018
31 - 60 days	44	3,217
61 - 90 days	3,580	958
over 90 days	2,702	4,044
	7,069	9,237
	36,549	27,019

**10. Trade Payables**

The following is an aged analysis of trade payables which include those classified as part of the EEG Holdings Group held for sale at the balance sheet date:

	As at	
	31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
Current	1,540	7,209
Overdue		
0 - 30 days	1,423	3,479
31 - 60 days	222	726
61 - 90 days	499	1,429
over 90 days	8,862	7,675
	12,546	20,518



## NOTES (Continued)

### 11. Convertible Bond

On 21st October, 2009, the Company issued a convertible bond denominated in Hong Kong dollars in the principal amount of HK\$100,000,000 to Surplus Way, the immediate holding company of the Company, at a conversion price of HK\$0.7 per share ("Convertible Bond"). The Convertible Bond will mature on the fifth anniversary of the date of issue of the Convertible Bond, i.e. 20th October, 2014. On the maturity date, any unredeemed and unconverted Convertible Bond shall be redeemed at 100% of the outstanding principal amount. The Convertible Bond bears interest at a rate of HIBOR plus 2% per annum on the outstanding principal amount and is payable on semi-annually basis.

The Convertible Bond contains two components, liability and equity elements. The equity element is presented in equity heading "convertible bond equity reserve". The effective interest rate of the liability component is 12.74% per annum.

The movement of the liability component of the Convertible Bond for the Half Yearly Period is set out below:

	HK\$'000
Proceeds of issue	100,000
Equity component	(38,280)
<hr/>	
Liability component at date of issue	61,720
Interest charged	4,816
Interest paid	(467)
<hr/>	
<b>Liability component at 31st December, 2009</b>	<b>66,069</b>

## NOTES (Continued)

**12. Commitments***(a) Operating lease commitments*

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at	
	31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
In respect of:		
Rented premises		
Within one year	2,108	3,946
In the second to fifth year inclusive	108	576
	<b>2,216</b>	<b>4,522</b>
Broadcasting service		
Within one year	–	225

The lease payments are fixed over the lease term and no arrangements have been entered into for contingent rental payments.

*(b) Other commitments*

	As at	
	31st December, 2009 (Unaudited) HK\$'000	30th June, 2009 (Audited) HK\$'000
Amounts contracted for but not provided in the consolidated financial statements in respect of:		
Artiste fees	7,361	15,926
Film production costs	99,931	124,937
	<b>107,292</b>	<b>140,863</b>

**13. Contingent Liabilities**

During the Half Yearly Period, the Group was involved in legal proceedings in relation to alleged breach of engagement contracts involving the Group's artistes. The outcome of these legal proceedings are uncertain because they are still in the early stage and are difficult for the directors of the Company to assess the impact of the litigations on the financial position of the Group.

NOTES (Continued)

**14. Related Party Transactions**

(a) During the Half Yearly Period, the Group had transactions with related parties as follows:

	<b>Six months ended 31st December,</b>	
	<b>2009 (Unaudited) HK\$'000</b>	<b>2008 (Unaudited) HK\$'000</b>
<b>Transaction with immediate holding company</b>		
Interest expense	4,109	327
<b>Transaction with former ultimate holding company</b>		
Interest expense	–	4,702
<b>Transactions with related companies</b>		
Distribution and promotion income	227	646
Income from sales of goods	38	259
Sponsorship fee income	106	284
Corporate secretarial fee	80	93
Operating lease rental expenses	1,908	2,056
Professional service fee	150	150
Sharing of administrative expenses	2,039	1,801

The related companies are companies ultimately controlled by The Albert Yeung Discretionary Trust (the "AY Trust") (of which Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") is the founder), a controlling shareholder of the Company, and/or by certain directors of the Company.

(b) The key management personnel includes solely the directors of the Company and the salaries and compensation paid to them is disclosed as follows:

	<b>Six months ended 31st December,</b>	
	<b>2009 (Unaudited) HK\$'000</b>	<b>2008 (Unaudited) HK\$'000</b>
Fees	375	516
Salaries and other short term benefits	1,575	1,575
	<b>1,950</b>	<b>2,091</b>

## DIVIDEND

The Board did not recommend the payment of an interim dividend for the Half Yearly Period (2008: Nil).

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

As at 31st December, 2009, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of 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 pursuant to the required standard of dealings by the directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

### (a) Long position in shares of the Company

Name of director	Nature of interests	Number of ordinary shares/underlying shares held	Approximate percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (Note)	Family	216,919,714	83.43%

*Note:* The 216,919,714 shares refer to (a) 192,634,000 shares held by Surplus Way and (b) 24,285,714 conversion shares assuming full exercise of the convertible bond of the Company held by Surplus Way. The entire issued share capital of Surplus Way was indirectly owned by STC International Limited ("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 Surplus Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in such shares.

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

### (b) Long positions in shares/underlying shares of associated corporations

Name of director	Name of associated corporation	Nature of interests	Number of ordinary share(s)/ underlying shares held	Approximate percentage holding
Ms. Semon Luk	Surplus Way (Note 1)	Family	1	100%
Ms. Semon Luk	Million Way Holdings Limited ("Million Way") (Note 1)	Family	1	100%
Ms. Semon Luk	Charron Holdings Limited ("Charron") (Note 2)	Family	1	100%
Ms. Semon Luk	Eternally Smart Limited (Note 2)	Family	1	100%
Ms. Semon Luk	Emperor International Holdings Limited ("EIHL") (Note 2)	Family	2,070,171,364	105.18%
Ms. Semon Luk	Worthy Strong Investment Limited ("Worthy Strong") (Note 3)	Family	100	100%
Ms. Semon Luk	Emperor Entertainment Hotel Limited ("EEH") (Note 3)	Family	743,227,815	57.5%
Ms. Semon Luk	Velba Limited ("Velba") (Note 4)	Family	1	100%
Ms. Semon Luk	New Media Group Holdings Limited ("NMG") (Note 4)	Family	450,000,000	75%
Ms. Semon Luk	Allmighty Group Limited ("Allmighty Group") (Note 5)	Family	100	100%
Ms. Semon Luk	Emperor Watch & Jewellery Limited ("EWJ") (Note 5)	Family	3,370,480,000	74.9%
Mr. Wong Chi Fai	EIHL (Note 6)	Beneficial	15,000,000	0.76%
Ms. Fan Man Seung, Vanessa	EIHL (Note 6)	Beneficial	15,000,000	0.76%
Mr. Wong Chi Fai	EEH (Note 7)	Beneficial	5,000,000	0.39%
Ms. Fan Man Seung, Vanessa	EEH (Note 7)	Beneficial	5,000,000	0.39%

#### Notes:

1. Surplus Way was the substantial shareholder of the Company. The entire issued 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 respective share capital of Surplus Way and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the share capital of Surplus Way and Million Way.

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

### (b) Long positions in shares/underlying shares of associated corporations (Continued)

Notes: (Continued)

2. EIHL is a company with its shares listed in Hong Kong; the 2,070,171,364 shares of EIHL refer to (a) 1,070,171,364 shares of EIHL held by Charron and (b) 1,000,000,000 conversion shares of EIHL assuming full exercise of the convertible bond of EIHL by Eternally Smart Limited which 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 such shares.
3. EEH is a company with its shares listed in Hong Kong; 743,227,815 shares of EEH were held by Worthy Strong. The entire share capital of Worthy Strong 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 Worthy Strong and the aforesaid shares in EEH held by Worthy Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in such 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 such 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 which was in turn wholly-owned by Million Way. Million Way was owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as the 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 such shares.
6. Share options granted to the directors under the share option scheme of EIHL.
7. Share options granted to the directors under the share option scheme of EEH.

Save as disclosed above, as at 31st December, 2009, none of the Directors or chief executives of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the directors as referred to in Rule 5.46 of the GEM Listing Rules.

## SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Company's existing share option scheme (the "Share Option Scheme") was approved for adoption on 26th August, 2004 and became effective on 11th November, 2004 and valid for the next ten years.

The Company had not granted any option under the Share Option Scheme since its adoption.

As at 31st December, 2009, the Company had not granted any right to subscribe for equity or debt securities of the Company to any director or chief executive of the Company or their spouse or children under 18 years of age.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as known to the directors of the Company, as at 31st December, 2009, the persons or corporations (other than the directors or chief executives of the Company) who had interests and short positions in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

### Long positions in shares of the Company

<b>Name</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares/underlying shares held</b>	<b>Approximate percentage holding</b>
Surplus Way <i>(Note)</i>	Beneficial owner	216,919,714	83.43%
Million Way <i>(Note)</i>	Interest in a controlled corporation	216,919,714	83.43%
STC International <i>(Note)</i>	Trustee	216,919,714	83.43%
Dr. Albert Yeung <i>(Note)</i>	Founder of the AY Trust	216,919,714	83.43%
South China Finance and Management Limited	Beneficial owner	15,294,000	5.88%
South China Financial Holdings Limited	Interest in a controlled corporation	15,294,000	5.88%
Mr. Ng Hung Sang	Interest in a controlled corporation	15,294,000	5.88%
Ms. Mak Siu Hang, Viola	Interest in a controlled corporation	24,285,715	9.34%

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(Continued)

**Long positions in shares of the Company** (Continued)

<b>Name</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares/underlying shares held</b>	<b>Approximate percentage holding</b>
VSM Investment Group Limited	Beneficial owner	24,285,715	9.34%
Comino Capital Limited	Beneficial owner	26,000,000	10%
Mr. Lacy Thomas Stephen	Interest in a controlled corporation	26,000,000	10%
Ms. Leacacos Sophie	Interest in a controlled corporation	26,000,000	10%
Mayfair Trust Company Limited	Interest in a controlled corporation	26,000,000	10%
Mr. Wu Siu Fai	Beneficial owner	52,000,000	20%
Everleap Limited	Beneficial owner	31,000,000	11.92%

*Note:* The 216,919,714 shares refer to (a) 192,634,000 shares held by Surplus Way and (b) 24,285,714 conversion shares assuming full exercise of the convertible bond of the Company held by Surplus Way. The entire issued 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 said shares held by Surplus Way. The above shares were the same shares as set out under section (a) of the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 31st December, 2009, so far as is known to the directors or chief executives of the Company, no other person (not being a director or chief executive of the Company) had any interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.



## INTERESTS IN COMPETING BUSINESS

The AY Trust, a discretionary trust set up by Dr. Albert Yeung, a management shareholder of the Company (as defined in the GEM Listing Rules), indirectly held 50% of the shareholding of JCE Movies Limited ("JCE"), a company engaged in the production and distribution of movies. The Trust also indirectly held 100% interest in Prime Time (International) Entertainment Limited ("Prime Time"), a company engaged in the business of television programme production and artiste management. The businesses of JCE and Prime Time may constitute competition with the business of the Group. By virtue of the AY Trust's interest in the aforesaid businesses, Ms. Semon Luk, spouse of Dr. Albert Yeung, is also deemed to be interested in the businesses. The directors of the Company consider that since Ms. Semon Luk is a Non-executive director of the Company and will not exert management control over the Group, her aforesaid deemed interest in the businesses of JCE and Prime Time will not materially affect the Group's business.

Save as disclosed above, the directors of the Company believe that none of the directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

## CORPORATE GOVERNANCE

The Company had complied throughout the Half Yearly Period with the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted Rules 5.48 to Rules 5.67 of the GEM Listing Rules ("Model Code") as its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings. Having made specific enquiry to all the directors of the Company, all the directors confirmed that they had throughout the Half Yearly Period complied with the required standard of dealings as set out in the Model Code.

## DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the Company discloses the change in information of the Directors as follows:

Mr. Chu Kar Wing, an Independent Non-executive Director of the Company, has resigned as an independent non-executive director of ZMAY Holdings Limited, a company listed on the GEM of the Stock Exchange, with effect from 20 November 2009.

## REVIEW OF INTERIM RESULTS

The unaudited results of the Group for the Half Yearly Period 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, who is of the opinion that the preparation of such results has complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The Audit Committee comprises the three Independent Non-executive Directors of the Company, namely Mr. Chu Kar Wing (Chairman of the Audit Committee), Mr. Wong Ching Yue and Mr. Wong Tak Ming, Gary.

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

During the Half Yearly 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 Group Limited**  
**Luk Siu Man, Semon**  
*Chairperson*

Hong Kong, 10th February, 2010

As at the date hereof, the Board comprised:

*Non-Executive Director:*

Ms. Luk Siu Man, Semon (*Chairperson*)

*Executive Directors:*

Mr. Tsang Pui Lan, Patrick

Ms. Fan Man Seung, Vanessa

Mr. Ng Sui Wan (alias Ng Yu)

*Independent Non-executive Directors:*

Mr. Chu Kar Wing

Mr. Wong Ching Yue

Mr. Wong Tak Ming, Gary