



英皇集團（國際）有限公司  
Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 163)



Interim Report 2007/2008

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## MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30th September, 2007 (the “Period”) under review, Emperor International Holdings Limited (the “Company”) has successfully spun off its investment brokerage and financing operation. The Company and its subsidiaries (collectively referred to as the “Group”) recorded revenue of approximately HK\$135.9 million from continuing operations, being property development and investment and hotel operation during the Period, compared to HK\$139.8 million for the corresponding period in 2006. Profit from continuing operations increased 162% to HK\$485.0 million (2006: HK\$184.8 million).

During the Period, the Group’s businesses benefited from a booming property market in Hong Kong with its investment properties recording substantial revaluation gains.

The Group also enjoyed contributions from associate company Emperor Entertainment Hotel Limited (“EEH”). The associate company contributed approximately HK\$40.5 million during the Period, 7% up from HK\$38.0 million previously, mainly from the Grand Emperor Hotel and the two self-managed VIP halls in the hotel in Macau.

## OPERATION REVIEW

### Property development and investment

Property development and investment is the Group’s core business, with rental income from investment properties being one of the Group’s main income contributors. Revenue from investment property leases rose 15% to approximately HK\$93.9 million, compared with HK\$81.6 million in 2006.

The Group’s investment property portfolio mainly consists of shops and offices in Hong Kong and Macau. A continuously improving economy and property market had resulted in satisfactory increment in rental rates and values of the properties. The Group maintained a high overall occupancy rate for its retail properties, which are mainly located at prime locations.

## OPERATION REVIEW (continued)

Taking benefit from the booming property market in Hong Kong, the Group recorded a revaluation gain of HK\$501.8 million (2006: HK\$96.4 million) from its investment properties, and gain on disposal of investment properties of approximately HK\$18.5 million (2006: Nil).

Land supply is limited and land acquisition costs are high while there is an increasing demand for new flats in Hong Kong. With the management's property expertise, the Group has been able to identify and acquire several urban sites, and thus expanding its land bank. The area of the sites range from approximately 4,000 to 10,000 square feet in size and are planned to be redeveloped into residential, composite complexes or hotel development, which are in growing demand and provide developers with lucrative returns.

The Group made positive and significant progress in its property development projects in Hong Kong as well as in mainland China. In Hong Kong, the Group has a multi-function beach-front leisure and recreation complex in Repulse Bay under construction. Curtain wall installation and building services installation are underway for the 166,800 square feet project. It is expected to generate long-term rental income for the Group and its completion is currently targeted to be in 2008.

In China, the Group has a commercial/residential composite development project underway in Xiamen. The Phase II development of Riverside Garden at Xiamen is expected to be completed in late 2008, with pre-sale of residential units commencing in the same year, riding on the continuous growth in the local property market.

The Group had an 88,420 square feet site along Chang'an Avenue East in Beijing, which was planned to be developed into a comprehensive commercial complex. The project is intended to provide a GFA of approximately 636,000 square feet, comprising a retail podium with high-end entertainment hot spots and a Grade-A office tower. Clearance work had commenced during the Period.

## OPERATION REVIEW (continued)

### Hotel

The Emperor (Happy Valley) Hotel in Hong Kong had recorded a steady performance during the Period. Revenue – mainly came from the hotel's 150 guest rooms as well as food and beverage from the karaoke lounge and coffee shop – reached approximately HK\$34.2 million (2006: HK\$32.1 million).

The hotel has strived to enlarge its share in the corporate market. It maintained close contacts with Internet travel agents and corporate customers and actively participated in the bidding of trade show tenders. It had also been upgrading its in-room amenities. Daily room rate during the Period was approximately HK\$530 compared to HK\$480 in the corresponding period in 2006.

The hotel saw a revenue mix of corporate business and tour groups of 60: 40, against 40:60 previously. This revenue mix would render the revenue stream of the hotel more stable and balanced in the long run.

### Spin-off of Brokerage and Financing Operations

As part of the Group's plan to redefine itself as a property player, the Group had spun off the brokerage and financing operations to Emperor Capital Group Limited ("ECG") which became separately listed on the main board of Hong Kong Stock Exchange on 24 April 2007. The shares of ECG were mainly distributed to shareholders of the Company by way of special dividend and subscribed by the Company's shareholders by a preferential offer. The spin-off was structured to unlock the value for the Company's shareholders and enable the brokerage and financing operations to grow as a separate listed entity.

### Increase in shareholding of Associate Company

In August 2007, the Group had successfully increased its stake in EEH from 35% to approximately 41%, while EEH's effective interest in Grand Emperor Hotel and the two self-managed VIP halls in the hotel were lifted from 45% and 90% to 50% and 100% respectively. The restructuring helps to streamline the Group's holding structure and increase corporate transparency. The Group expects to receive substantial contribution from this gaming platform.

## PROSPECTS

The Group has transformed into a property investor and developer following the spin-off of the brokerage and financing operations during the Period. In order to achieve higher yields from rental income, the Group will continue to improve the asset quality of its investment properties, by replacing non-core premises by properties that have a higher prospect for capital and rental gain, and by upgrading the quality of tenants as well as implementing value-added improvement schemes on its properties.

The Group has been looking for acquisition opportunities of good quality high-street shops and shopping malls at prime locations in light of an improving retail property market. The Group had expanded its investment property portfolio in Causeway Bay and Tsim Sha Tsui, the areas receiving the highest rent from retailers in Hong Kong.

Subsequent to the Period, the Group had entered into agreement to sell a piece of residential land in Mid-Levels, Hong Kong for HK\$1.468 billion in November 2007. The Group started acquisition of individual units in July 2006 and the purchase of the entire parcel was completed in September 2007. The Group was expected to mark a profit of HK\$575 million from the sales, which demonstrated the Group's strength in property investment and the continuous improvement of the Hong Kong property market.

With regard to property development, the Group has acquired several urban sites in Hong Kong to redevelop them into high-quality residential or commercial/residential projects. Those sites were bought at the lower range of average market prices, and have since appreciated in value. The Group expects to receive a capital gain should these sites be sold in the market.

In China, the Group is preparing for the pre-sale of residential units of its Xiamen development in 2008. It had also commenced in Beijing the clearance of existing structures and units for building of a Grade-A office tower.

Looking ahead, the management will continue to explore opportunities to expand its development portfolio in Hong Kong, Macau and Mainland China. It also expects to enjoy ongoing profit contributions from EEH as well as strong cash-flows through its dividends distribution.

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

As at 30th September, 2007, the total external borrowings (excluding payables) amounted to approximately HK\$3,640.8 million and the Group maintained a debt to asset ratio of 37% (measured by total external borrowings as a percentage to the total asset value of the Group). In addition to its share capital and reserves, the Group made use of cash flow generated from operations, bank borrowings and unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were denominated in Hong Kong Dollars and Renminbi and their interest rates followed market rates. The Group's bank balances and cash were also denominated in Hong Kong dollars and Renminbi. Since Renminbi is relatively stable, the Group had no material exposure to fluctuations in exchange rates.

### **STAFF COSTS**

The total cost incurred for staff including directors' emoluments amounted to HK\$46.2 million during the Period as compared with HK\$58.8 million in the last corresponding period. The decrease was due to the spin-off of the securities brokerage and financing business. The number of staff was approximately 350 as at the end of the Period.

### **ASSETS PLEDGED**

Assets with carrying value of HK\$7,175.8 million were pledged as security for banking facilities.

## **INTERIM DIVIDEND**

### **INTERIM DIVIDEND**

The Board declared the payment of an interim dividend of HK\$0.04 per share ("Dividend") for the Period (2006: HK\$0.04), amounting to approximately HK\$71.0 million (2006: HK\$56.5 million). The Dividend will be paid on 25th January, 2008 (Friday) to shareholders whose names appear on Register of Members of the Company on 11th January, 2008 (Friday).

### **CLOSURE OF REGISTER OF MEMBERS**

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

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



The Board of the Company is pleased to announce that the unaudited condensed consolidated results of the Group for the six months ended 30th September, 2007 together with comparative figures for the corresponding period in 2006 are set out below.

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

## CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September, 2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000
<i>Continuing operations:</i>			
Turnover		135,915	139,827
Cost of sales		(11,773)	(5,478)
Direct operating expenses		(18,847)	(26,743)
Gross profit		105,295	107,606
Other operating income – net		9,721	6,183
Selling and marketing expenses		(4,164)	(2,099)
Administrative expenses		(48,437)	(36,937)
Change in fair values of investment properties		501,793	96,361
Gain on disposal of investment properties		18,454	–
Impairment loss (recognised) reversed in respect of properties under development		(4,323)	48,060
Impairment loss reversed in respect of properties held for sale		3,839	–
Impairment loss recognised in respect of motor vehicle registration mark		(600)	–
Profit from operations	4	581,578	219,174
Finance costs		(70,950)	(50,082)
Share of associates' results after taxation		51,343	38,361
Profit before taxation		561,971	207,453
Taxation	5	(76,964)	(22,650)
Profit from continuing operations		485,007	184,803
<i>Discontinued operation:</i>			
Profit from discontinued operation	6	1,664	20,591
Profit for the period		486,671	205,394
Profit attributable to:			
Equity holders of the Company		486,543	203,582
Minority interests		128	1,812
		486,671	205,394
<i>Continuing and discontinued operations:</i>			
Earnings per share – basic	7	HK\$0.31	HK\$0.15
Earnings per share – diluted	7	HK\$0.31	N/A
<i>Continuing operations:</i>			
Earnings per share – basic	7	HK\$0.31	HK\$0.14
Earnings per share – diluted	7	HK\$0.31	N/A

## CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30th September, 2007 (unaudited) HK\$'000	31st March, 2007 (audited) HK\$'000
<b>Non-current assets</b>		
Investment properties	5,202,613	3,996,002
Property, plant and equipment	243,330	227,512
Properties under development	523,635	441,748
Prepaid lease payments	733,658	741,875
Interests in associates	744,555	564,512
Amounts due from associates	–	38,717
Loans receivable	4,386	6,669
Intangible assets	–	771
Goodwill	1,708	1,940
Other assets	4,544	9,128
Deferred taxation assets	–	1,582
Deposits paid for acquisition of properties	20,738	46,675
	<b>7,479,167</b>	<b>6,077,131</b>
<b>Current assets</b>		
Inventories	1,192	1,196
Properties held for sale	32,124	38,111
Properties under/held for development	1,590,448	1,438,587
Prepaid lease payments	14,015	5,962
Debtors, deposits and prepayments	119,183	238,885
Taxation recoverable	2,581	2,587
Investments in trading securities	167	139
Pledged bank deposits	619,362	18,820
Bank balances – trust accounts	–	119,368
Bank balances (general accounts) and cash	70,300	130,739
	<b>2,449,372</b>	<b>1,994,394</b>

**CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)**

	<b>As at</b>	
	<b>30th September, 2007 (unaudited) HK\$'000</b>	<b>31st March, 2007 (audited) HK\$'000</b>
<b>Current liabilities</b>		
Creditors, customer deposits and accrued charges	10 308,505	471,579
Amount due to ultimate holding company	555,341	635,927
Amounts due to minority shareholders of subsidiaries	19,504	21,040
Taxation payable	1,479	1,087
Secured bank borrowings		
– due within one year	1,623,861	1,310,206
Dividend payable	106,515	–
	<b>2,615,205</b>	<b>2,439,839</b>
<b>Net current liabilities</b>	<b>(165,833)</b>	<b>(445,445)</b>
<b>Total assets less current liabilities</b>	<b>7,313,334</b>	<b>5,631,686</b>
<b>Non-current liabilities</b>		
Secured bank borrowings		
– due after one year	1,442,054	769,975
Deferred taxation liabilities	269,233	195,451
	<b>1,711,287</b>	<b>965,426</b>
<b>Net assets</b>	<b>5,602,047</b>	<b>4,666,260</b>
<b>Capital and reserves</b>		
Share capital	17,752	14,132
Reserves	5,583,883	4,651,714
<b>Equity attributable to equity holders of the Company</b>	<b>5,601,635</b>	<b>4,665,846</b>
<b>Minority interests</b>	<b>412</b>	<b>414</b>
<b>Total equity</b>	<b>5,602,047</b>	<b>4,666,260</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Asset revaluation reserve	Share option reserve	Other reserve	Contributed surplus	Accumulated profits	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 st April, 2007 (audited)	14,132	2,018,604	19,496	74,857	6,030	10	703,859	1,828,858	414	4,666,260
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(232)	(232)
Exchange difference arising on translation of China enterprises	-	-	5,159	-	-	-	-	-	102	5,261
Share of movements of an associate	-	-	2,188	-	-	-	-	-	-	2,188
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	116	-	-	-	-	-	116
Issue of shares (net of expenses)	3,620	755,932	-	-	-	-	-	-	-	759,552
Spin-off distribution	-	-	-	-	-	-	-	(211,254)	-	(211,254)
Dividend payable	-	-	-	-	-	-	(106,515)	-	-	(106,515)
Profit for the period	-	-	-	-	-	-	-	486,543	128	486,671
As at 30th September, 2007 (unaudited)	17,752	2,774,536	26,843	74,313	6,030	10	597,344	2,104,807	412	5,602,047

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

	Share capital	Share premium	Translation reserve	Asset revaluation reserve	Share option reserve	Other reserve	Contributed surplus	Accumulated profits	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 st April, 2006 (audited)	11,227	1,523,155	6,862	75,946	6,030	10	829,092	1,339,861	(3,517)	3,788,666
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	808	808
Exchange difference arising on translation of China enterprises	-	-	4,496	-	-	-	-	-	78	4,574
Share of movements of an associate	-	-	2,074	-	-	-	-	-	-	2,074
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	116	-	-	-	-	-	116
Issue of shares (net of expenses)	2,245	395,808	-	-	-	-	-	-	-	398,053
Dividend payable	-	-	-	-	-	-	(68,706)	-	-	(68,706)
Profit for the period	-	-	-	-	-	-	-	203,582	1,812	205,394
As at 30th September, 2006 (unaudited)	13,472	1,918,963	13,432	75,402	6,030	10	760,386	1,544,103	(819)	4,330,979

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>Six months ended 30th September,</b>	
	<b>2007 (unaudited) HK\$'000</b>	<b>2006 (unaudited) HK\$'000</b>
Net cash used in operating activities	<b>(455,440)</b>	(917,068)
Net cash used in investing activities	<b>(1,586,788)</b>	(1,729,814)
Net cash from financing	<b>1,977,511</b>	2,686,678
Net increase (decrease) in cash and cash equivalents	<b>(64,717)</b>	39,796
Cash and cash equivalents at the beginning of the period	<b>130,434</b>	89,360
Cash and cash equivalents at the end of the period	<b>65,717</b>	129,156

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

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

### 2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2007 apart from the adoption of certain new Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the "New HKFRSs"), issued by HKICPA that are effective for accounting periods beginning on or after 1st May, 2006.

The adoption of the New HKFRSs has had no material effect on how the results and financial position for the current or prior periods have been prepared and presented.

The Group has not early applied the HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the application of those HKFRSs will have no material impact on the financial statements of the Group.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 3. SEGMENT INFORMATION

For management purpose, the Group is currently organised into lease of properties, sales of properties, hotel operation and consultancy. These divisions are the basis on which the Group reports its primary segment information.

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30th September, 2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000	30th September, 2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000
<b>Business segments</b>				
<i>Continuing operations:</i>				
Lease of properties	93,946	81,616	601,539	208,483
Sales of properties	5,908	–	(2,000)	(537)
Hotel operation	34,186	32,106	3,015	2,886
Consultancy	1,845	25,957	150	23,562
Others	30	148	2,118	84
	135,915	139,827	604,822	234,478
<i>Discontinued operation:</i>				
Securities brokerage and financing	4,951	60,580	1,664	23,854
	140,866	200,407	606,486	258,332
Interest income			3,579	2,826
Corporate general and administrative expenses			(26,823)	(18,130)
Finance costs			(70,950)	(50,082)
Share of associates' results after taxation			51,343	38,361
Taxation			(76,964)	(25,913)
Profit for the period			486,671	205,394



## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 4. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$12,385,000 (2006: HK\$11,546,000) in respect of the Group's property, plant and equipment and crediting dividend income from securities of approximately HK\$21,000 (2006: HK\$59,000).

### 5. TAXATION

	Six months ended 30th September,	
	2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000
The charge comprises:		
<i>Continuing operations:</i>		
Hong Kong Profits Tax	(1,420)	(1,783)
Deferred taxation	(75,544)	(20,867)
	<b>(76,964)</b>	(22,650)
<i>Discontinued operation:</i>		
Hong Kong Profits Tax	–	(3,263)
	<b>(76,964)</b>	(25,913)

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 6. DISCONTINUED OPERATION

On 24th April, 2007, the Group discontinued its securities brokerage and financing business as a result of a spin-off by way of distribution and offered shares of Emperor Capital Group Limited for separate listing on the Stock Exchange.

Their operating results are as follows:

	Six months ended 30th September,	
	2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000
Turnover	4,951	60,580
Expenses	(3,287)	(36,726)
Operating results	1,664	23,854
Taxation	–	(3,263)
Profit for the period	1,664	20,591

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 7. EARNINGS PER SHARE

	Six months ended 30th September, 2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
The calculation of basic and diluted earnings per share is based on the following data:		
Profit attributable to equity holders for the purpose of calculating basic and diluted earnings per share	486,543	203,582

#### Number of shares

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,562,108,564	1,326,322,990
Effect of dilutive potential ordinary shares from share options	20,000,000	
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,582,108,564	

No diluted earnings per share for 2006 has been presented in respect of the Company's potential ordinary shares as the exercise price of these shares was higher than the average market price of the shares during 2006.

From continuing operations:

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

Profit attributable to equity holders for the purpose of calculating basic and diluted earnings per share	486,543	203,582
Less: Profit from discontinued operation	1,664	20,591
Profit for the purpose of basic and diluted earnings per share from continuing operations	484,879	182,991

From discontinued operation:

Basic earnings per share for discontinued operation for 2006 was HK\$0.01 per share, based on the profit from discontinued operation for 2006 of HK\$20,591,000.

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 8. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER/HELD FOR DEVELOPMENT

During the Period, the Group acquired investment properties, property, plant and equipment and properties under/held for development amounting to approximately HK\$819,818,000, HK\$27,655,000 and HK\$228,998,000 (2006: HK\$114,220,000, HK\$10,741,000 and HK\$1,397,165,000) respectively.

### 9. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group grants credit periods ranging from 0 to 30 days to its customers.

Receivables from dealing in securities and futures contracts are settled in one or two days after trade date. Advances and share margin loans are repayable within one year and on demand respectively. No age analysis is disclosed of these receivables, advances and loans as, in the opinion of the directors, age analysis does not give relevant information in view of their nature.

The following is an age analysis of trade debtors as at the balance sheet date:

	30th September, 2007 (unaudited) HK\$'000	31st March, 2007 (audited) HK\$'000
0-30 days	4,320	4,360
31-90 days	953	339
91-180 days	100	103
Over 180 days	160	121
	<b>5,533</b>	4,923
Receivables from dealing in securities and future contracts	–	104,103
Advances and share margin loans	–	80,622
Other receivables, deposits and prepayments	113,650	49,237
	<b>119,183</b>	238,885

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 10. CREDITORS, CUSTOMER DEPOSITS AND ACCRUED CHARGES

The following is an age analysis of trade creditors as at the balance sheet date:

	<b>30th September, 2007 (unaudited) HK\$'000</b>	<b>31st March, 2007 (audited) HK\$'000</b>
0-90 days	11,440	16,919
91-180 days	27	–
Over 180 days	3,987	5,565
	<b>15,454</b>	<b>22,484</b>
Payables of dealing in securities and futures contracts	–	162,961
Other payables, deposits and accruals	293,051	286,134
	<b>308,505</b>	<b>471,579</b>

### 11. CAPITAL COMMITMENTS

	<b>30th September, 2007 (unaudited) HK\$'000</b>	<b>As at 31st March, 2007 (audited) HK\$'000</b>
Authorised but not contracted for in respect of:		
– property investment and development projects	316,957	125,339
– property, plant and equipment	11,284	–
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	390,514	498,232
– property, plant and equipment	36,556	3,397
	<b>755,311</b>	<b>626,968</b>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS (Continued)

### 12. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th September, 2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Rental received from related companies (note ii)	17,370	13,361
Interest paid to ultimate holding company (note iii)	10,849	14,951
Interest received from an associate (note iii)	1,670	1,348
Professional and service fees received from an associate and related companies (note ii)	1,001	311

Notes:

- (i) A director and a substantial shareholder of the Company have beneficial interests in the related companies.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on the basis of estimated market value as determined by the Directors of the Company.
- (iii) The interest is calculated by reference to the principal outstanding and at the prevailing market interest rates.

### 13. POST BALANCE SHEET EVENT

The Directors announced on 2nd November, 2007 that a wholly-owned subsidiary of the Group entered into an agreement with an independent party to dispose of its properties under development at a consideration of HK\$1,468,000,000.

Upon completion of the disposal, the Group will record a profit of approximately HK\$575,000,000 for the financial year ending 31st March, 2008.

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

As at 30th September, 2007, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("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 Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of the Listing Rules were as follows:

### (a) Long position interests in the Company

#### (i) Interests in ordinary shares of HK\$0.01 each of the Company

Name of director	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (Note 1)	Family	902,557,364	50.84%

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

### (a) Long position interests in the Company (Continued)

#### (ii) Interests in share options

Name of director	Capacity/ Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai (Note 2)	Beneficial owner	10,000,000	0.56%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") (Note 2)	Beneficial owner	10,000,000	0.56%

#### Notes:

1. The shares comprising 823,123,411 shares and 79,433,953 shares were registered in the name of Charron Holdings Limited ("Charron") and Lion Empire Investments Ltd. ("Lion Empire") respectively. The entire issued share capital of Charron was held by Jumbo Wealth Limited ("Jumbo Wealth") on trust for The A&A Unit Trust. The entire issued share capital of Lion Empire was indirectly held by Perpetual Wealth Investments Limited ("Perpetual Wealth") on trust for The A&S Unit Trust. Both of The A&A Unit Trust and The A&S Unit Trust were unit trusts under The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 823,123,411 shares held by Charron and 79,433,953 shares held by Lion Empire. By virtue of the aforesaid interest of Dr. Albert Yeung, Ms. Semon Luk (spouse of Dr. Albert Yeung and a director of the Company) was also deemed to be interested in the above shares held by Charron and Lion Empire.
2. 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 interests in associated corporations

#### (i) Interests in ordinary shares

Name of director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary shares held	Approximate percentage holding
Ms. Semon Luk	Charron (Note 1)	Family	1	100%
Ms. Semon Luk	Jumbo Wealth (Note 1)	Family	1	100%
Ms. Semon Luk	Lion Empire (Note 1a)	Family	1	100%
Ms. Semon Luk	Perpetual Wealth (Note 1a)	Family	1	100%
Ms. Semon Luk	Surplus Way Profits Limited ("Surplus Way") (Note 2)	Family	1	100%
Ms. Semon Luk	Emperor Entertainment Group Limited ("EEG") (Note 2)	Family	203,054,000	78.09%
Ms. Semon Luk	Emperor Entertainment Hotel Limited ("EEH") (Note 3)	Family	428,166,401	41.43%
Ms. Semon Luk	Emperor Capital Group Limited ("ECG") (Note 4)	Family	325,322,302	54.11%

#### (ii) Interests in share options

Name of director	Name of associated corporation	Capacity/ Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai (Note 5)	EEH (Note 5)	Beneficial owner	5,000,000	0.48%
Ms. Vanessa Fan (Note 5)	EEH (Note 5)	Beneficial owner	5,000,000	0.48%

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

### (b) Long position interests in associated corporations (Continued)

*Notes:*

1. Charron was interested in 823,123,411 shares, representing approximately 46.37% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and Jumbo Wealth. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the share capital of Charron and Jumbo Wealth respectively.
- 1(a). Lion Empire was interested in 79,433,953 shares. The entire issued capital of Lion Empire was indirectly held by Perpetual Wealth on trust for The A&S Unit Trust, a unit trust under the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Lion Empire and Perpetual Wealth. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the share capital of Lion Empire and Perpetual Wealth.
2. EEG is a company with its shares listed in Hong Kong; 78.09% of the shares of EEG were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust. By virtue of the interests of The A&A Unit Trust in Charron and Surplus Way, both Surplus Way and EEG were associated corporations of the Company. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Surplus Way and EEG respectively. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director of the Company) was also deemed to be interested in the share capital of Surplus Way and EEG respectively.

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

3. EEH is a company with its shares listed in Hong Kong: 323,391,555 shares of EEH were registered in the name of Worthly Strong Investment Limited ("Worthly Strong"). The entire issued share capital of Worthly Strong was indirectly held by the Company. World Million Profits Limited, a subsidiary of the Company, was interested in 104,774,846 shares of EEH. By virtue of the interests of the Company in EEH, EEH was an associated corporation of the Company. Charron and Lion Empire were interested in a total of 902,557,364 shares, representing 50.84% of the total issued share capital of the Company. The entire issued share capital of Charron and Lion Empire were indirectly owned by the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 428,166,401 shares in the share capital of EEH. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director of the Company) was also deemed to be interested in the above shares.
4. ECG is a company with its shares listed in Hong Kong: 325,322,302 shares of ECG were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and Jumbo Wealth. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director of the Company) was also deemed to be interested in the share capital of ECG held by Charron.
5. These were share options granted to Director under the share option scheme of EEH.

Save as disclosed above, as at 30th September, 2007, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

## SHARE OPTIONS

The Company adopted a share option scheme ("Share Option Scheme") on 9th September, 2003 (the "Adoption Date") to provide incentives or rewards to participants including the Directors and eligible employees of the Group.

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

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

Name of grantee	Date of grant	Exercise period	Exercise price of the share option	No. of share options outstanding as at 1st April, 2007	No. of share options outstanding as at 30th September, 2007
Mr. Wong Chi Fai	11th Aug., 2005	11th Aug., 2005 – 10th Aug., 2015	HK\$1.88	10,000,000	10,000,000
Ms. Vanessa Fan	11th Aug., 2005	11th Aug., 2005 – 10th Aug., 2015	HK\$1.88	10,000,000	10,000,000

During the Period, no options was granted, lapsed, exercised or cancelled under the Share Option Scheme.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2007, so far as is known to any Director or chief executive of the Company, the following persons (other than a director or chief executive of the Company) who had interests or 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\$0.01 each of the Company

Name	Capacity/Nature of interests	Number of Shares interested or deemed to be interested (long position)	Percentage holding
Charron ( <i>Notes 1 &amp; 2</i> )	Beneficial owner	823,123,411	46.37%
Jumbo Wealth ( <i>Notes 1 &amp; 2</i> )	Trustee	823,123,411	46.37%
GZ Trust Corporation ("GZ Trust") ( <i>Notes 1 &amp; 2</i> )	Trustee	902,557,364	50.84%
Dr. Albert Yeung ( <i>Notes 1 &amp; 2</i> )	Founder of the AY Trust	902,557,364	50.84%
Penta Investment Advisers Ltd.	Investment manager	284,620,000	16.03%
John Zwaanstra	Interest in a controlled corporation	284,620,000	16.03%
Mercurius GP LLC	Founder of the Mercurius Partners Trust	134,760,000	7.59%
Penta Asia Fund, Ltd.	Interest in a controlled corporation	134,760,000	7.59%
Todd Zwaanstra	Trustee of Mercurius Partners Trust	134,760,000	7.59%
Desmarais Paul G.	Interest in a controlled corporation	142,428,000	8.02%
Gelco Enterprises Ltd.	Interest in a controlled corporation	142,428,000	8.02%
IGM Financial Inc.	Interest in a controlled corporation	142,428,000	8.02%

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (Continued)

### Long positions in ordinary shares of HK\$0.01 each of the Company (Continued)

Name	Capacity/Nature of interests	Number of Shares interested or deemed to be interested (long position)	Percentage holding
Nordex Inc.	Interest in a controlled corporation	142,428,000	8.02%
Power Corporation of Canada	Interest in a controlled corporation	142,428,000	8.02%
Power Financial Corporation	Interest in a controlled corporation	142,428,000	8.02%
Mackenzie Cundill Recovery Fund	Beneficial owner	125,428,000	7.07%

#### Notes:

1. Charron was interested in 823,123,411 shares. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the Shares held by Charron as trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was also deemed to be interested in the shares held by Charron.

Lion Empire was interested in 79,433,953 shares. The entire issued share capital of Lion Empire was indirectly held by Perpetual Wealth on trust for The A&S Unit Trust, a unit trust under AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was also deemed to be interested in the shares in which Lion Empire was interested.

2. The above shares were the same shares as those set out under paragraph (a)(i) headed "Disclosure of Directors' Interests" above.

Save as disclosed above, as at 30th September, 2007, the Directors or chief executives of the Company were not aware of any person or corporation other than the directors or 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 otherwise notified to the Company.

## CORPORATE GOVERNANCE

The Company had complied throughout the Period with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules except that the non-executive directors of the Company were not appointed for specific term, however, in accordance with the bye-laws of the Company, one-third of the Directors for the time being shall retire from office by rotation (provided that every Director shall be subject to retirement at least once every three years) and be eligible for re-election at the annual general meeting of the Company. The Directors will continue to review and assess the effectiveness of the adopted practices.

## MODEL CODE FOR SECURITIES

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

By Order of the Board

**Luk Siu Man, Semon**

*Chairperson*

Hong Kong, 18th December, 2007

*As at the date hereof, the Board of the Company comprises 1. Chairperson: Ms. Luk Siu Man, Semon, 2. Managing Directors: Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa; 3. Executive Directors: Mr. Cheung Ping Keung and Ms. Mok Fung Lin, Ivy; 4. Independent Non-Executive Directors: Mr. Wan Chi Keung, Aaron, Mr. Chan Man Hon, Eric (Chairman of the audit committee) and Mr. Liu Hing Hung.*