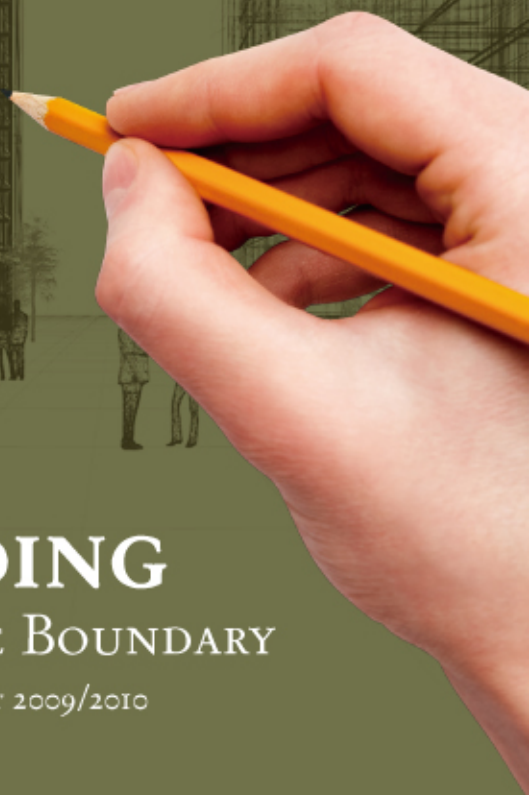




英皇集團（國際）有限公司
Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 163)



EXPANDING
THE BOUNDARY

INTERIM REPORT 2009/2010

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FINANCIAL HIGHLIGHTS

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover		
Lease of properties	158,333	133,834
Sale of properties	380,115	–
Hotel and related operations	99,548	25,776
Others	579	1,327
Total Turnover	638,575	160,937
Underlying profit/(loss)		
Lease of properties	143,377	97,578
Sale of properties	162,183	(6,366)
Hotel and related operations	17,675	2,504
Others	384	1,172
Total underlying profit	323,619	94,888
Finance costs	(33,322)	(58,560)
Revaluation gain/(loss) on properties	1,179,737	(941,405)
Profit/(loss) for the period attributable to owners of the Company	1,323,736	(839,885)
Earnings/(loss) per share		
Basic	HK\$0.73	(HK\$0.47)
Diluted	HK\$0.68	(HK\$0.47)



MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The global economy has shown signs of stabilisation and improvement from the financial tsunami since the beginning of 2009, following the massive easing policies adopted by major banks and governments over the world. The local property market has been back in upward trend this year with homebuyers gaining confidence, banks offering mortgage financing on attractive terms, the influx of liquidity with local and overseas investors looking for investment opportunities. Both the commercial leasing and residential markets in Hong Kong have recorded growth in transaction volume and prices compared to last year.

Reflecting the turnaround of the property market conditions, Emperor International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) had gained HK\$1,179.7 million from property revaluation during the six months ended 30th September, 2009 (“Period”), against loss of HK\$941.4 million arising from fair value changes for the corresponding period a year ago.

On the other hand, the Group increased its stake to 55.7% in Emperor Entertainment Hotel Limited (“EEH”) in August 2009 as it was optimistic towards the Macau market with China’s robust economic growth in the long term. The transaction has made EEH, an asset-backed company, a subsidiary of the Group with contribution being consolidated with the Group.

For the Period, the Group recorded total revenue of approximately HK\$638.6 million, nearly 296.9% up from HK\$160.9 million previously, mainly due to the revenue from the sale of residential units in the People’s Republic of China (“PRC”), increase in rental revenue contributed by the Group’s high-quality investment property portfolio, and higher contribution by its hotel operations.

The Group’s underlying profit for the six months ended 30th September, 2009 excluding the revaluation adjustment amounted to HK\$323.6 million, an increase of 241.0% from HK\$94.9 million for the same period in previous year.

The Group recorded profit attributable to owners of HK\$1,323.7 million for the Period, compared with loss of HK\$839.9 million in 2008. Basic earnings per share was HK\$0.73 (2008: loss of HK\$0.47).

As at 30th September, 2009, the Group’s net asset value amounted to HK\$8,032.0 million (2008: HK\$4,792.0 million). The Group had a land bank in Hong Kong, Macau and PRC of approximately 707,000 square feet, comprising land being acquired for development and redevelopment.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Overview (Continued)

PROPERTY INVESTMENT

Rental income from investment properties has been one of the Group's major sources of income. Rental income derived from investment properties amounted to HK\$158.3 million, rose by 18.3% from HK\$133.8 million for the same period in 2008.

The Group's investment property portfolio mainly consists of quality shops, offices and industrial buildings in Hong Kong and Macau. The Group recorded overall occupancy rate of nearly 97% for its investment properties as at 30th September, 2009, attributable to the prime locations of the majority of the Group's retail properties. The investment properties have been generating stable income for the Group. Key investment properties include the shopping mall at Emperor Group Centre in Wanchai, Emperor Plaza in Tsuen Wan, a number of shops and a mall at Russell Street, Causeway Bay and Emperor International Square in Kowloon Bay.

The Group had been improving its property portfolio with ongoing effort in upgrading the quality of its properties to enhance the value and the rental income. The Group had also acquired during the Period a number of properties in Hong Kong, which are expected to generate stable rental revenue in the long term.

In October 2009, the Group had announced to acquire a shopping podium in North Point, Hong Kong of a gross area of 125,149 square feet and 353 parking spaces. The property was expected to generate annual rental revenue to the Group of approximately HK\$44 million upon completion of the transaction. The Group plans to carry out renovation and upgrading works to improve the quality and value of the property, aiming to attract quality tenants and boost rental income in the future.

On the investment development front, the Group has a multi-function beach-front leisure and recreation complex in Repulse Bay. The project, which provides a total gross floor area of approximately 166,800 square feet, is virtually completed. The Group is in the process of clarifying the terms of Conditions of Exchange relating to the property through an originating summons. Following resolution of the matter, the property is expected to generate stable rental income and become a core asset in the Group's portfolio.

In the PRC, the Group had an approximately 88,400 square feet site along Chang'an Avenue East in Beijing, which was planned to be developed into a comprehensive Grade-A office tower with a total gross floor area of approximately 636,500 square feet. Clearance work was underway during the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Overview (Continued)

PROPERTY DEVELOPMENT

The residential market in Hong Kong has been buoyant from the second quarter of 2009 with high transaction volumes and historical transaction prices backed by increasing demand from investors and end-users. The Group is positive towards the property market on Hong Kong Island where land supply is limited and low completion volume for private residential units in the coming years.

To capitalise the recovering demand for residential properties, the Group has continued to ready new projects for pre-sale. These include a high-end sea-view residential development on Des Voeux Road West, Western District. The site, within 100 metres from the entrance to a new MTRC station, which is expected to be in operation in 2014, will provide a total gross floor area of approximately 113,011 square feet. The project is expected to be completed in 2012 and pre-sale is scheduled in 2010.

Pre-sale preparation was also underway for the Group's residential project on Java Road, North Point. The project, with substructure currently under construction, is expected to provide a total gross area of 56,188 square feet upon completion in 2012. The Group plans pre-sale in 2010.

Meanwhile, the Group has commenced demolition work for a site on Prince Edward Road West in Kowloon, which was acquired in 2008. The site is to be developed into a multi-storey residential/commercial block with a total gross floor area of approximately 29,900 square feet. The development is close to the route of the Shatin-Central Rail Link which will substantially increase the locational accessibility of this property. The project is expected to be completed in 2012.

The Group has a redevelopment site on Shing On Street, Sai Wan Ho. The site will provide a single residential tower block with a total gross floor area of approximately 44,000 square feet. Substructure of the project is under construction during the Period and expected to be completed in 2013.

SALE OF PROPERTY

The property market in PRC, following a correction last year, had recovered in terms of both prices and sales volume since early 2009. The launching of home-ownership incentives by the central and local governments coupled with a series of monetary easing measures have supported the real estate market.

The Group has a commercial/residential composite development project in Xiamen, known as Emperor Lakeside Metropolis, providing a total of 284 residential flats with a total of gross area of 400,000 square feet. The Group had completed development of the project during the Period and commenced selling and handover of the units to the buyers, in order to take advantage of the rising market. Such sale amounted to HK\$380.1 million during the Period. As in November 2009, over 98% of the residential units were sold.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Overview (Continued)

HOTEL AND RELATED OPERATIONS

The segment includes the contributions by the 291-room Grand Emperor Hotel in Macau whose income from hospitality and related services had been consolidating with the Group since late August 2009, as well as The Emperor (Happy Valley) Hotel in Hong Kong. The segment brought in revenue of HK\$99.5 million during the Period, compared with HK\$25.8 million for the same period a year ago.

Opened in early 2006, Grand Emperor Hotel has established its name among the Hong Kong and PRC tourists with its value for money and quality service. During the Period, Grand Emperor Hotel has been facing intense competition with the opening of new hotels and increased market supply of hotel rooms. Notwithstanding, the Grand Emperor Hotel had been well received by tourists. It had also actively expanded into overseas markets such as Japan and partnered with a number of major tour operators during the Period.

The Emperor (Happy Valley) Hotel in Hong Kong derived revenue mainly from the hotel's 150 guest rooms as well as food and beverage from the Chinese restaurant and coffee shop. The Period saw a significant slowdown in business and leisure travels. The Emperor (Happy Valley) Hotel had strived to boost its business from overseas customers and diversify its guest mix. It had also continued to put great weight in developing high-yield corporate customers.

Despite the adverse impact of economic turmoil and intense market competition, the hotel and related operations recorded a positive contribution to the Group.

Prospects

The Group had planned and implemented measures to maintain a continuous growth in rental income and occupancy of its high-quality investment properties. Retail properties are comparatively less affected by the economy with their rental being backed by stable property price due to low market supply. The Group will continue to upgrade and expand its property portfolio with quality projects as well as optimise the tenant mix in order to achieve growth and higher yields from rental income.

The Group also strives to maximise returns from property development. Following the sales of residential units of its Xiamen project, the Group expects to receive income from property sales upon completion of its residential projects in the coming years.

As part of financial and operation planning, the Group had converted some of its current liabilities into long-term borrowings, including issuance of a convertible bond to its major shareholder in September 2009 to set off its loan payable. The transaction had improved the liquidity of the Group and provided it with more resources to invest in long-term projects.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Prospects (Continued)

Backed by stable cashflow and a healthy balance sheet with low gearing, the Group will closely monitor the market development and capture opportunities for replenishing its land bank for redevelopment and development projects in Hong Kong and PRC. The hotels will upgrade their room amenities and facilities as well as enhance loyalty privileges and rate discounts to strengthen relationship with major accounts and customers. The management will upkeep its market intelligence-oriented strategies to respond to market changes.

Capital Structure, Liquidity and Financial Resources

On 7th July, 2009, Worthy Strong Investment Limited (“Worthy Strong”), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the “First Sale and Purchase Agreement”) with Hidy Investment Limited (“Hidy”) for acquisition of 10% interest in Luck United Holdings Limited (“Luck United”) and loan due from Luck United to the Hidy at a consideration of approximately HK\$199.5 million. The consideration was satisfied by the allotment and issue of 193,064,706 shares of the Company at an issue price of HK\$1.02 per share together with a cash consideration of approximately HK\$2.6 million. On the same day, Worthy Strong entered into a sale and purchase agreement (“Second Sale and Purchase Agreement”) with Great Assets Holdings Limited, an indirect wholly-owned subsidiary of EEH, for the disposal of 10% interest in Luck United and loan due from Luck United to Worthy Strong at a consideration of approximately HK\$199.5 million. The consideration was satisfied by the allotment and issue of 281,322,857 shares of EEH at an issue price of HK\$0.7 per share together with a cash consideration of approximately HK\$2.6 million. Upon the completion of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement on 28th August, 2009, the Group’s attributable interest in EEH was increased to approximately 55.7% and EEH became a subsidiary of the Group.

On 24th July, 2009, the Company entered into an subscription agreement (“Agreement”) with Eternally Smart Limited (“Eternally Smart”), a wholly-owned subsidiary of the controlling shareholder of the Company. Pursuant to the terms of the Agreement, convertible bonds in the principal amount of HK\$1,200,000,000 had been issued to Eternally Smart on completion which took place on 3rd September, 2009 whereupon the same amount of loan due from the Group to Eternally Smart was applied to set off against the subscription price of HK\$1,200,000,000 of the convertible bonds.

As at 30th September, 2009, the total external borrowings (excluding payables) amounted to approximately HK\$4,685.2 million and the Group maintained a debt to total asset ratio of 33.4% (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 related company to finance its operations. The Group’s bank borrowings were denominated in Hong Kong Dollars and Renminbi (“RMB”) and their interest rates followed market rates. The Group’s bank balances and cash were also denominated in Hong Kong dollars, RMB and Macau Pataca (“MOP”). Since RMB and MOP are relatively stable, the Group had no material exposure to fluctuations in exchange rates.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Employees and Remuneration Policy

The total cost incurred for staff including directors' emoluments amounted to HK\$57.1 million during the Period as compared with HK\$46.3 million in the last corresponding period. The number of staff was approximately 1,278 as at the end of the Period. All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contributions to retirement benefit scheme, medical insurance and other fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 9th September, 2003. During the Period, no share option had been granted and outstanding share options as at 30th September, 2009 was 37,500,000 share options.

Assets Pledged

As at the end of the Period, assets with carrying value of HK\$9,892.5 million were pledged as security for banking facilities.

Contingent Liabilities

In October 2006, the Group commenced legal proceedings against the joint venture partner ("JV Partner") in Shanghai, the PRC, for termination of the joint venture agreement ("JV Agreement") in respect of the development of the Group's property in Shanghai (the "Project") as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the Project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK\$94.9 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to HK\$113.5 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner's counterclaim would not be supported by the court, therefore no provision was made by the Group. The legal case was still in progress as at the end of the Period.

In January 2007, a subsidiary of the Group was sued jointly with its contractor for approximately MOP3.5 million (equivalent to HK\$3.4 million) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Grand Emperor Hotel in Macau which is owned by the said subsidiary, when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor together with its insurer should be responsible for paying any damage awarded to the plaintiff.

In July 2008, Gold Shine Investment Limited, an indirect subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of the Conditions of Exchange relating to its property situated in Repulse Bay. The proceeding was in progress as at the end of the Period.



MANAGEMENT DISCUSSION AND ANALYSIS

(Continued)

Interim Dividend

The board of directors (the “Board” or the “Directors”) declared to pay an interim dividend of HK\$0.048 per share (“Dividend”) for the Period (2008: Nil) amounting to approximately HK\$94.5 million (2008: Nil). The Dividend will be paid on or around 8th January, 2010 (Friday) to shareholders whose names appear on the register of members of the Company on 15th December, 2009 (Tuesday).

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 16th December, 2009 (Wednesday) to 18th December, 2009 (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 4:30 p.m. on 15th December, 2009 (Tuesday).



The Board of the Company announces the unaudited condensed consolidated results of the Group for the six months ended 30th September, 2009 together with comparative figures for the corresponding period in 2008 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30th September,	
	<i>Notes</i>	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Turnover		638,575	160,937
Cost of sales		(221,325)	(3,748)
Direct operating expenses		(38,451)	(19,620)
Gross profit		378,799	137,569
Other operating income – net		9,791	4,941
Selling and marketing expenses		(28,815)	(7,641)
Administrative expenses		(59,160)	(67,620)
Fair value change in investment properties		1,174,403	(826,318)
Gain on disposal of investment properties		–	227
Impairment loss reversed (recognized) in respect of properties under development		5,334	(115,087)
Discount on acquisition of a subsidiary		47,166	–
Profit (loss) from operations	4	1,527,518	(873,929)
Finance costs		(33,322)	(58,560)
Share of associates' results after taxation		18,129	7,588
Profit (loss) before taxation		1,512,325	(924,901)
Taxation	5	(174,928)	84,760
Profit (loss) for the Period		1,337,397	(840,141)
<i>Other comprehensive income:</i>			
Exchange difference arising on translation of foreign subsidiaries		866	34,393
Share of movements in translation reserve of an associate		154	4,021
Deferred tax related to components of other comprehensive income		–	320
Other comprehensive income for the Period		1,020	38,734
Total comprehensive income for the Period		1,338,417	(801,407)
Profit (loss) for the Period attributable to:			
Owners of the Company		1,323,736	(839,885)
Non-controlling interests		13,661	(256)
		1,337,397	(840,141)
Total comprehensive income attributable to:			
Owners of the Company		1,324,756	(801,219)
Non-controlling interests		13,661	(188)
		1,338,417	(801,407)
Earnings (loss) per share – basic	6	HK\$0.73	(HK\$0.47)
Earnings (loss) per share – diluted	6	HK\$0.68	(HK\$0.47)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at	
		30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
Non-current assets			
Investment properties		7,937,909	6,180,610
Property, plant and equipment		1,173,201	293,298
Properties under development	9	1,511,241	831,914
Deposits paid for acquisition of properties/ property, plant and equipment		62,626	32,830
Prepaid lease payments		846,573	734,067
Interests in associates		92	800,462
Amount due from an associate		2,645	2,645
Deposits in designated bank account for development properties		103,321	220,934
Loans receivable		1,823	1,862
Goodwill		56,684	1,940
Other assets		4,442	4,442
		11,700,557	9,105,004
Current assets			
Inventories		5,813	543
Properties held for sale		54,990	27,055
Properties under development		1,053,283	1,019,476
Prepaid lease payments		15,386	14,550
Debtors, deposits and prepayments	10	413,545	140,295
Investments in trading securities		—	90
Taxation recoverable		416	10,293
Pledged bank deposit		300	—
Bank balances and cash		779,344	322,761
		2,323,077	1,535,063



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		As at	
	Notes	30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
Current liabilities			
Creditors, customer deposits and accrued charges	11	836,153	748,905
Amount due to a related company		—	1,880,980
Amount due to an associate		—	3
Amounts due to minority shareholders of subsidiaries		83,305	19,504
Taxation payable		103,549	4,320
Secured bank borrowings – due within one year		1,025,833	1,226,529
		2,048,840	3,880,241
Net current assets (liabilities)		274,237	(2,345,178)
Total assets less current liabilities		11,974,794	6,759,826
Non-current liabilities			
Secured bank borrowings – due after one year		1,652,236	1,794,586
Amounts due to minority shareholders of subsidiaries		209,337	—
Amount due to a related company		976,544	—
Convertible bonds	12	737,917	—
Deferred taxation		366,800	173,274
		3,942,834	1,967,860
Net assets		8,031,960	4,791,966
Capital and reserves			
Share capital	13	19,683	17,752
Reserves		6,777,718	4,774,512
Equity attributable to owners of the Company		6,797,401	4,792,264
Non-controlling interests		1,234,559	(298)
Total equity		8,031,960	4,791,966



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Convertible loan notes equity reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
As at 1st April, 2009 (audited)	17,752	2,761,028	85,738	105,368	20,987	110	-	416,327	1,384,954	4,792,264	(298)	4,791,966
Profit for the Period	-	-	-	-	-	-	-	-	1,323,736	1,323,736	13,661	1,337,397
Exchange difference arising on translation of foreign subsidiaries	-	-	866	-	-	-	-	-	-	866	-	866
Share of movements of an associate	-	-	154	-	-	-	-	-	-	154	-	154
Total comprehensive income for the Period	-	-	1,020	-	-	-	-	-	1,323,736	1,324,756	13,661	1,338,417
Issue of shares (net of expenses)	1,931	218,168	-	-	-	-	-	-	-	220,099	-	220,099
Issue of convertible bonds	-	-	-	-	-	-	470,579	-	-	470,579	-	470,579
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	1,205,205	1,205,205
Depreciation attributable to revaluation surplus	-	-	-	(441)	-	-	-	-	441	-	-	-
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	15,991	15,991
Dividend paid by a subsidiary	-	-	-	-	-	-	-	(10,297)	-	(10,297)	-	(10,297)
As at 30th September, 2009 (unaudited)	19,683	2,979,196	86,758	104,927	20,987	110	470,579	406,030	2,709,131	6,797,401	1,234,559	8,031,960



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Share option reserve HK\$'000	Other reserve HK\$'000	Convertible loan notes equity reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
As at 1st April, 2008 (audited)	17,752	2,761,028	51,216	102,113	20,987	110	-	526,334	2,920,883	6,400,423	70	6,400,493
Loss for the period	-	-	-	-	-	-	-	-	(839,885)	(839,885)	(256)	(840,141)
Exchange difference arising on translation of foreign subsidiaries	-	-	34,325	-	-	-	-	-	-	34,325	68	34,393
Share of movements of an associate	-	-	4,021	-	-	-	-	-	-	4,021	-	4,021
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	320	-	-	-	-	-	320	-	320
Total comprehensive income for the period	-	-	38,346	320	-	-	-	-	(839,885)	(801,219)	(188)	(801,407)
Depreciation attributable to revaluation surplus	-	-	-	(528)	-	-	-	-	528	-	-	-
Dividend paid	-	-	-	-	-	-	-	(110,064)	-	(110,064)	-	(110,064)
As at 30th September, 2008 (unaudited)	17,752	2,761,028	89,562	101,905	20,987	110	-	416,270	2,081,526	5,489,140	(118)	5,489,022



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Net cash generated from operating activities	172,831	44,666
Net cash generated from (used in) investing activities	526,013	(1,043,982)
Net cash (used in) generated from financing activities	(240,094)	1,035,417
Net increase in cash and cash equivalents	458,750	36,101
Effect of exchange rate changes	(2,167)	(3,551)
Cash and cash equivalents at the beginning of the Period	322,761	160,709
Cash and cash equivalents at the end of the Period	779,344	193,259



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited 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”).

These condensed consolidated financial statements should be read in conjunction with the annual financial statements of the year ended 31st March, 2009.

2. Principal Accounting Policies

In current interim period, the Group had adopted certain new Hong Kong Financial Reporting Standards (“HKFRs”), amendments and interpretations (collectively the “New HKFRSs”), issued by HKICPA that are effective for accounting periods beginning on or after 1st April, 2009.

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

Except as described below, the same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the preparation of Group’s consolidated financial statements for the year ended 31st March, 2009.

HKFRS 8 – OPERATING SEGMENTS

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. Principal Accounting Policies (Continued)

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.

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

3. Segment Information

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

For management purpose, the business segments of the Group are currently organised into lease of properties, sales of properties, hotel and related operations and others. These divisions are the basis on which the Group reports its primary segment information. The segment results of lease of properties and sales of properties include administrative and running expenses for those properties under development.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

3. Segment Information (Continued)

	Segment revenue Six months ended 30th September,		Segment results Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Business segments				
Lease of properties	158,333	133,834	1,302,205	(837,975)
Sales of properties	380,115	–	183,092	(12,218)
Hotel and related operations	99,548	25,776	17,675	2,504
Others	579	1,327	384	1,172
	638,575	160,937	1,503,356	(846,517)
Interest income			1,465	1,803
Corporate general and administrative expenses			(24,469)	(29,215)
Finance costs			(33,322)	(58,560)
Discount on acquisition of a subsidiary			47,166	–
Share of associates' results after taxation			18,129	7,588
Taxation			(174,928)	84,760
Profit (loss) for the Period			1,337,397	(840,141)

4. Profit (Loss) from Operations

Profit (loss) from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$20,825,000 (2008: HK\$13,741,000) in respect of the Group's property, plant and equipment and crediting dividend income from securities of approximately HK\$409,000 (2008: HK\$146,000).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5. Taxation

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
The (charge) credit comprises:		
<i>Current tax:</i>		
Hong Kong Profits Tax	(4,238)	(3,949)
PRC Enterprise Income Tax	(21,184)	–
PRC Land Appreciation Tax	(24,853)	–
Macau Complimentary Income Tax	(2,551)	–
	(52,826)	(3,949)
Deferred tax	(122,102)	88,709
	(174,928)	84,760

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profit for the Period.

PRC Enterprise Income Tax is calculated at the prevailing PRC tax rates on the estimated assessable profits for the Period (2008: Nil).

PRC Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations and has been provided at ranges of progressive rates of the appreciation value, with certain allowable deduction (2008: Nil).

The Macau Complimentary Income Tax is calculated at the prevailing Macau tax rates on the estimated assessable profits for the Period (2008: Nil).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6. Earnings (Loss) Per Share

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
The calculation of basic and diluted earnings (loss) per share is based on the following data:		
Earnings (loss)		
Earnings (loss) for the purpose of calculating basic earnings (loss) per share	1,323,736	(839,885)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	9,692	—
Earnings (loss) for the purpose of calculating diluted earnings (loss) per share	1,333,428	(839,885)
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings (loss) per share	1,811,116,079	1,775,246,134
Effect of dilutive potential ordinary shares:		
Share option	—	5,196,850
Convertible bonds	153,005,464	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share	1,964,121,543	1,780,442,984

No diluted earnings per share in respect of share option has been presented in the current period as the exercise price of the Company's options was higher than average market price of the shares for the period ended 30th September, 2009.

No effect on earnings and number of shares due to the dilutive potential shares on the share of result of a listed associate had been presented as the exercise price of these potential shares was higher than the average market price of the shares of the associate for last corresponding period.

7. Dividend

No dividend was paid during the Period. A dividend of HK\$0.062 per share with aggregate amount of approximately HK\$110 million was paid to the shareholders of the Company during the corresponding period in 2008 as the final dividend for the financial year ended 31st March, 2008.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

8. Additions to Investment Properties, Property, Plant and Equipment and Properties Under Development

During the Period, the Group acquired investment properties, property, plant and equipment and properties under development amounting to approximately HK\$81,414,000, HK\$18,903,000 and HK\$205,466,000 (2008: HK\$1,187,636,000, HK\$21,398,000 and HK\$194,161,000) respectively.

9. Properties Under Development

Except the property under development located at the Repulse Bay mentioned below, all the properties under development for future use as investment properties are stated as costs less any identified impairment loss as they are all at their infant stage and their fair values cannot be determined reliably.

For the property under development located at the Repulse Bay, the project is virtually completed with carrying value and valuation of approximately HK\$596.2 million and HK\$1,130.0 million respectively. As the final development cost is still subject to the ultimate outcome of the legal proceedings as mentioned in note 18 of the contingent liabilities, the fair value change cannot be ascertained accordingly.

10. Debtors, Deposits and Prepayments

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain worthy customers with long term relationship and stable repayment pattern or the Group expected to obtain collateral over the balance, where the terms are extended to a longer period. At the balance sheet date, the maximum credit period was extended to around 710 days for certain customers.

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

	As at	
	30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
0 – 30 days	97,350	2,649
31 – 90 days	26,358	1,174
91 – 180 days	194	64
Over 180 days	23,437	128
	147,339	4,015
Other receivables	238,879	114,538
Deposits and prepayments	27,327	21,742
	413,545	140,295



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

11. Creditors, Customer Deposits and Accrued Charges

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

	As at	
	30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
0 – 90 days	29,107	3,867
91 – 180 days	209	54
Over 180 days	519	20
	29,835	3,941
Other creditors	526,615	217,831
Deposit received from pre-sales of properties	34,226	373,615
Customers' deposits and accrued charges	245,477	153,518
	836,153	748,905

12. Convertible Bonds

On 3rd September, 2009, the Company issued convertible bonds denominated in Hong Kong dollars in an aggregate principal amount of HK\$1,200,000,000 to Eternally Smart, a wholly-owned subsidiary of a substantial shareholder of the Company, at a conversion price of HK\$1.20 per share ("Convertible Bonds"). The Convertible Bonds will mature on the fifth anniversary of the date of issue of the Convertible Bonds, i.e. 3rd September, 2014. On the maturity date, any unredeemed and unconverted Convertible Bonds shall be redeemed at 100% of the outstanding principal amount. The Convertible Bonds bear interest at a rate of HIBOR plus 1.5% per annum on the outstanding principal amount and is payable on monthly basis.

The Convertible Bonds contain two components, liability and equity elements. The equity element is presented in equity heading "convertible loan notes equity reserve". The effective interest rate of the liability component is 16% per annum.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

12. Convertible Bonds (Continued)

The movement of the liability component of the Convertible Bonds for the Period is set out below:

	HK\$'000
Proceeds of issue	1,200,000
Equity component	(470,579)
Liability component at date of issue	729,421
Interest charged	9,928
Interest paid	(1,432)
Liability component at 30th September, 2009	737,917

13. Share Capital

As mentioned in the Management Discussion and Analysis under the heading of Capital Structure, Liquidity and Financial Resources, upon the completion of the First Sale and Purchase Agreement on 28th August, 2008, 193,064,706 shares of the Company were issued at an issue price of HK\$1.02 per share as part of the consideration. The shares issued rank pari passu in all respects with the then existing shares of the Company. The market price the Company's share was HK\$1.14 per share at completion.

14. Acquisition of Subsidiary

On 28th August, 2009, the Group acquired 12.3% of the issued share capital of EEH for consideration of approximately HK\$221,191,000. The Group held 55.7% of the issued share capital of EEH after the acquisition.

The amount of discount arising as a result of the acquisition was approximately HK\$47,166,000. Such discount is computed based on the carrying value of the identifiable assets of EEH as at 28th August, 2009 and subject to adjustment upon the finalisation of business valuation report to be carried by independent valuer.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

14. Acquisition of Subsidiary (Continued)

The net assets acquired in the transaction and the discount arising are as follows:

	HK\$'000
Investment property	423,600
Plant and equipment	936,200
Prepaid lease payment	301,140
Property under development	572,623
Prepayment for acquisition of property, plant and equipment	14,764
Inventories	5,263
Trade and other receivable	301,280
Bank balance and cash	663,088
Pledged bank deposit	300
Trade and other payable	(389,840)
Amount due to related companies	(15)
Amount due to minority shareholders of a subsidiary	(291,928)
Tax payable	(72,891)
Bank borrowings	(154,691)
Deferred taxation	(71,423)
Non-controlling interests	(1,205,205)
	1,032,265
Interest in associates	(763,908)
	268,357
Discount on acquisition	(47,166)
Purchase consideration	221,191
Total consideration satisfied by:	
Transaction costs for acquisition	1,092
Share issue at market price	220,099
	221,191
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	663,088



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

15. Capital Commitments

	As at	
	30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
Authorised but not contracted for in respect of:		
– property investment and development projects	2,354,202	2,302,223
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	661,435	143,071
– investment properties	5,569	37,360
– property, plant and equipment	1,074	2,274
	3,022,280	2,484,928

16. Related Party Transactions

- (a) Other than disclosed in note 12, the Group also had the following significant transactions with related parties during the Period:

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Rental received from related companies	50,685	33,574
Reimbursement of expenses from related companies and an associate	21,953	21,066
Interest paid to a related company	10,968	16,967



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

16. Related Party Transactions (Continued)

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

	Six months ended 30th September,	
	2009 (unaudited) HK\$'000	2008 (unaudited) HK\$'000
Fees	450	425
Salaries and other short term benefit	4,428	4,374
	4,878	4,799

- (c) Loan from/to related parties:

	As at	
	30th September, 2009 (unaudited) HK\$'000	31st March, 2009 (audited) HK\$'000
Amounts due to minority shareholders of subsidiaries	292,642	19,504
Amount due to a related company	976,544	1,880,980

Related companies are companies in which a deemed substantial shareholder of the Company has beneficial interest.

17. Post Balance Sheet Date Event

In October 2009, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Pizzicato Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of Wheelock Properties Limited whose shares are listed on Stock Exchange, to acquire a property located at the podium comprising the basement, the lower ground and upper ground floors, second floor and third floor, and the roof of the podium of Healthy Gardens, 560 King's Road, North Point, Hong Kong at a consideration of approximately HK\$935 million. The transaction was yet to complete as at the date of this report.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

18. Contingent Liabilities

In October 2006, the Group commenced legal proceedings against the joint venture partner (“JV Partner”) in Shanghai, the PRC, for termination of the joint venture agreement (“JV Agreement”) in respect of the development of the Group’s property in Shanghai (the “Project”) as a result of the JV Partner’s failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner’s contribution to the Project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK\$94.9 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to HK\$113.5 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner’s counterclaim would not be supported by the court, therefore no provision was made by the Group. The legal case was still in progress as at the end of the Period.

In January 2007, a subsidiary of the Group was sued jointly with its contractor for approximately MOP3.5 million (equivalent to HK\$3.4 million) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Grand Emperor Hotel in Macau which is owned by the said subsidiary, when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor together with its insurer should be responsible for paying any damage awarded to the plaintiff.

In July 2008, Gold Shine Investment Limited, an indirect subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of the Conditions of Exchange relating to its property situated in Repulse Bay. The proceeding was in progress as at the end of the Period.

19. Pledge of Assets

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

	As at	
	30th September, 2009 (unaudited) HK\$’000	31st March, 2009 (unaudited) HK\$’000
Investment properties	7,478,170	5,811,670
Properties under development	1,077,900	542,759
Buildings including relevant prepaid lease payments	89,034	90,140
Hotel properties, including relevant prepaid lease payments	1,247,403	326,142
	9,892,507	6,770,711



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

As at 30th September, 2009, the interests and short positions of the Directors and chief executives of the Company and their respective associates 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) 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	2,053,311,364	104.32%

(ii) Share options

Name of director	Capacity/ Nature of interests	Number of ordinary shares/ underlying shares	Approximate percentage holding
Mr. Wong Chi Fai (Note 2)	Beneficial owner	15,000,000	0.76%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") (Note 2)	Beneficial owner	15,000,000	0.76%
Mr. Cheung Ping Keung (Note 2)	Beneficial owner	5,000,000	0.25%
Ms. Mok Fung Lin, Ivy (Note 2)	Beneficial owner	2,500,000	0.13%

Notes:

- The 2,053,311,364 shares refer to (a) 1,053,311,364 shares held by Charron Holdings Limited ("Charron"); and (b) 1,000,000,000 conversion shares assuming full exercise of the convertible bonds by Eternally Smart, a company incorporated in Hong Kong and is wholly-owned by Charron. The entire issued share capital of Charron was held by STC International Limited ("STC International") being the trustee of The Albert Yeung Discretionary Trust ("AY Trust"). Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"), as founder of the AY Trust, was deemed to be interested in the 2,053,311,364 shares 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.
- 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 POSITIONS IN SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS

Name of director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary share(s)/ underlying shares held	Approximate percentage holding
Ms. Semon Luk	Charron (Note 1)	Family	1	100%
Ms. Semon Luk	Million Way Holdings Limited ("Million Way") (Note 1)	Family	1	100%
Ms. Semon Luk	Eternally Smart (Note 1)	Family	1	100%
Ms. Semon Luk	Worthly Strong Investment Limited ("Worthly Strong") (Note 2)	Family	100	100%
Ms. Semon Luk	Emperor Entertainment Hotel Limited ("EEH") (Note 2)	Family	720,461,428	55.74%
Ms. Semon Luk	Surplus Way Profits Limited ("Surplus Way") (Note 3)	Family	1	100%
Ms. Semon Luk	Emperor Entertainment Group Limited ("EEG") (Note 3)	Family	347,341,142	133.59%
Ms. Semon Luk	Velba Limited ("Velba") (Note 4)	Family	1	100%
Ms. Semon Luk	New Media Group Holdings Limited ("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	74.90%
Mr. Wong Chi Fai	EEH (Note 6)	Beneficial owner	5,000,000	0.39%
Ms. Vanessa Fan	EEH (Note 6)	Beneficial owner	5,000,000	0.39%

Notes:

1. Charron was the holding Company of the Company and Eternally Smart. 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, Million Way and Eternally Smart. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
2. EEH is a company with its shares listed in Hong Kong; 720,461,428 shares of EEH were held by Worthly Strong. The entire share capital of Worthly 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 Worthly Strong and the aforesaid shares in EEH held by Worthly Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.



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

(Continued)

(B) LONG POSITIONS IN SHARES/UNDERLYING SHARES OF ASSOCIATED CORPORATIONS (Continued)

Notes: (Continued)

3. *EEG is a company with its shares listed in Hong Kong; the 347,341,142 shares of EEG refer to (a) 204,484,000 shares of EEG held by Surplus Way; and (b) 142,857,142 conversion shares of EEG to be held by Surplus Way assuming its full exercise of the convertible bonds issued by EEG. 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 aforesaid shares in EEG held by Surplus Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.*
4. *NMG is a company with its shares listed in Hong Kong; 450,000,000 shares of NMG were held by Velba. The entire issued share capital of Velba was held by Million Way which was in turn wholly owned by STC International being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Velba and the aforesaid shares in NMG held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.*
5. *EWJ is a company with its shares listed in Hong Kong; 3,370,480,000 shares of EWJ were held by Allmighty Group 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 the said shares.*
6. *Share options granted to the directors under the share option scheme of EEH.*

Save as disclosed above, as at 30th September, 2009, none of the Directors or chief executives of the Company nor their respective associates 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).



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, 2008	No. of share options outstanding as at 30th September, 2008
Mr. Wong Chi Fai	11th Aug., 2005	11th Aug., 2005 – 10th Aug., 2015	HK\$1.88	10,000,000	10,000,000
	28th Jan., 2008	28th Jan., 2008 – 27th Jan., 2013	HK\$2.91	5,000,000	5,000,000
Ms. Vanessa Fan	11th Aug., 2005	11th Aug., 2005 – 10th Aug., 2015	HK\$1.88	10,000,000	10,000,000
	28th Jan., 2008	28th Jan., 2008 – 27th Jan., 2013	HK\$2.91	5,000,000	5,000,000
Mr. Cheung Ping Keung	28th Jan., 2008	28th Jan., 2008 – 27th Jan., 2013	HK\$2.91	5,000,000	5,000,000
Ms. Mok Fung Lin, Ivy	28th Jan., 2008	28th Jan., 2008 – 27th Jan., 2013	HK\$2.91	2,500,000	2,500,000

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



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as known to the Directors, as at 30th September, 2009, the persons or corporations (other than the directors or chief executives of the Company) who had interests or 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 ORDINARY SHARES OF HK\$0.01 EACH OF THE COMPANY

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares interested or deemed to be interested	Approximate percentage holding
Charron <i>(Note)</i>	Beneficial owner	2,053,311,364	104.32%
Million Way <i>(Note)</i>	Interest in a controlled corporation	2,053,311,364	104.32%
STC International <i>(Note)</i>	Trustee	2,053,311,364	104.32%
Dr. Albert Yeung <i>(Note)</i>	Founder of the AY Trust	2,053,311,364	104.32%
Penta Investment Advisers Limited	Investment manager	357,980,000	18.19%
John Zwaanstra	Interest in a controlled corporation	357,980,000	18.19%
Mercurius GP LLC	Founder of the Mercurius Partners Trust	136,052,618	6.91%
Penta Asia Fund, Ltd.	Interest in a controlled corporation	136,052,618	6.91%
Todd Zwaanstra	Trustee of Mercurius Partners Trust	136,052,618	6.91%
Penta Asia Long/Short Fund Ltd.	Beneficial owner	125,336,000	6.37%
UBS AG	Beneficial owner	217,545,000	11.05%
Sodikin	Beneficial owner	193,064,706	9.81%
Desmarais Paul G.	Interest in a controlled corporation	129,891,701	6.60%
Gelco Enterprises Ltd.	Interest in a controlled corporation	129,891,701	6.60%
IGM Financial Inc.	Interest in a controlled corporation	129,891,701	6.60%
Nordex Inc.	Interest in a controlled corporation	129,891,701	6.60%
Power Corporation of Canada	Interest in a controlled corporation	129,891,701	6.60%
Power Financial Corporation	Interest in a controlled corporation	129,891,701	6.60%
Mackenzie Cundill Recovery	Beneficial owner	125,428,000	6.37%



INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

(Continued)

LONG POSITIONS IN ORDINARY SHARES OF HK\$0.01 EACH OF THE COMPANY (Continued)

Note:

The 2,053,311,364 shares of the Company refer to (a) 1,053,311,364 shares held by Charron; and (b) 1,000,000,000 conversion shares to be held by Eternally Smart, the wholly-owned subsidiary of Charron, assuming its full exercise of the convertible bonds issued by the Company. 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 aforesaid shares.

The above shares were the same shares as those set out under paragraph headed “Directors’ and Chief Executives’ Interests and Short Position in Securities” above.

Save as disclosed above, as at 30th September, 2009, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had any 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company had complied throughout the Period with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Period.

REVIEW OF INTERIM REPORT

The condensed consolidated financial statements as set out in this interim report had not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu, but this report had been reviewed by the audit committee of the Company, which comprises the three independent non-executive directors of the Company.

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

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
Emperor International Holdings Limited
Luk Siu Man, Semon
Chairperson

Hong Kong, 1st December, 2009

As at the date hereof, the Board comprises:

Non-executive Director:

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

Independent Non-executive Directors:

Mr. Chan Man Hon, Eric

Mr. Liu Hing Hung

Mr. Law Ka Ming, Michael

Executive Directors:

Mr. Wong Chi Fai (*Managing Director*)

Ms. Fan Man Seung, Vanessa (*Managing Director*)

Mr. Cheung Ping Keung

Ms. Mok Fung Lin, Ivy