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英皇集團(國際)有限公司*
Emperor International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 163)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009**

FINANCIAL HIGHLIGHTS (Unaudited)

| | Six months ended 30th September, | |
|--|---|-----------------|
| | 2009 | 2008 |
| | HK\$'000 | 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 |
| | <hr/> | <hr/> |
| Total Turnover | 638,575 | 160,937 |
| | <hr/> | <hr/> |
| 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 |
| | <hr/> | <hr/> |
| Total underlying profit | 323,619 | 94,888 |
| | <hr/> | <hr/> |
| Finance costs | (33,322) | (58,560) |
| | <hr/> | <hr/> |
| Revaluation gain/(loss) on properties | 1,179,737 | (941,405) |
| | <hr/> | <hr/> |
| Profit/(loss) for the period attributable to owners of the Company | 1,323,736 | (839,885) |
| | <hr/> | <hr/> |
| Earnings/(loss) per share | | |
| Basic | HK\$0.73 | (HK\$0.47) |
| | <hr/> | <hr/> |
| Diluted | HK\$0.68 | (HK\$0.47) |
| | <hr/> | <hr/> |

* *for identification purposes only*

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th September, 2009 (the “Period”) together with comparative figures for the corresponding period in 2008 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th September, 2009

| | | Six months ended | |
|--|--------------|-------------------------|-------------------------|
| | | 30th September, | |
| | | 2009 | 2008 |
| | | (unaudited) | (unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Turnover | | 638,575 | 160,937 |
| Cost of sales | | (221,325) | (3,748) |
| Direct operating expenses | | (38,451) | (19,620) |
| | | <hr/> | <hr/> |
| 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 | – |
| | | <hr/> | <hr/> |
| 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 |
| | | <hr/> | <hr/> |
| Profit (loss) before taxation | | 1,512,325 | (924,901) |
| Taxation | 5 | (174,928) | 84,760 |
| | | <hr/> | <hr/> |
| Profit (loss) for the Period | | <u>1,337,397</u> | <u>(840,141)</u> |
| Other comprehensive income: | | | |
| 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 |
| | | <hr/> | <hr/> |
| Other comprehensive income for the Period | | <u>1,020</u> | <u>38,734</u> |
| | | <hr/> | <hr/> |
| Total comprehensive income for the Period | | <u>1,338,417</u> | <u>(801,407)</u> |

| | | Six months ended | |
|--|--------------|-------------------------|-------------------|
| | | 30th September, | |
| | | 2009 | 2008 |
| | | (unaudited) | (unaudited) |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| Profit (loss) for the period attributable to: | | | |
| Owners of the Company | | 1,323,736 | (839,885) |
| Non-controlling interests | | 13,661 | (256) |
| | | <u>1,337,397</u> | <u>(840,141)</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 1,324,756 | (801,219) |
| Non-controlling interests | | 13,661 | (188) |
| | | <u>1,338,417</u> | <u>(801,407)</u> |
| Earnings (loss) per share – basic | 6 | <u>HK\$0.73</u> | <u>(HK\$0.47)</u> |
| Earnings (loss) per share – diluted | 6 | <u>HK\$0.68</u> | <u>(HK\$0.47)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30th September, 2009

| | | As at | |
|---|-------------------------|---------------------|--|
| | 30th September, 2009 | 31st March, 2009 | |
| | (unaudited) | (audited) | |
| <i>Notes</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | |
| Non-current assets | | | |
| Investment properties | 7,937,909 | 6,180,610 | |
| Property, plant and equipment | 1,173,201 | 293,298 | |
| Properties under development | 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 | 8 413,545 | 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 | |
| Current liabilities | | | |
| Creditors, customers' deposits and accrued charges | 9 836,153 | 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 | |

| | As at | |
|--|--|---|
| | 30th September, 2009 (unaudited) <i>Notes</i> <i>HK\$'000</i> | 31st March, 2009 (audited) <i>HK\$'000</i> |
| 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 | 737,917 | – |
| Deferred taxation liabilities | 366,800 | 173,274 |
| | <u>3,942,834</u> | <u>1,967,860</u> |
| Net assets | <u>8,031,960</u> | <u>4,791,966</u> |
| Capital and reserves | | |
| Share capital | 19,683 | 17,752 |
| Reserves | 6,777,718 | 4,774,512 |
| | <u>6,797,401</u> | <u>4,792,264</u> |
| Equity attributable to owners of the Company | <u>6,797,401</u> | <u>4,792,264</u> |
| Non-controlling interests | <u>1,234,559</u> | <u>(298)</u> |
| Total equity | <u>8,031,960</u> | <u>4,791,966</u> |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2009

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 (“HKFRSs”), 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.

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.

| | Segment revenue | | Segment results | |
|---|------------------|----------------|------------------|------------------|
| | Six months ended | | Six months ended | |
| | 30th September, | | 30th September, | |
| | 2009 | 2008 | 2009 | 2008 |
| | (unaudited) | (unaudited) | (unaudited) | (unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | 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 |
| | <u>638,575</u> | <u>160,937</u> | <u>1,503,356</u> | <u>(846,517)</u> |
| 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 | | | <u>1,337,397</u> | <u>(840,141)</u> |

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).

5. TAXATION

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

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).

6. EARNINGS (LOSS) PER SHARE

| | Six months ended | |
|---|-----------------------------|----------------------|
| | 30th September, | |
| | 2009 | 2008 |
| | (unaudited) | (unaudited) |
| | HK\$'000 | 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) | <u>9,692</u> | <u>–</u> |
| Earnings (loss) for the purpose of calculating diluted earnings (loss) per share | <u>1,333,428</u> | <u>(839,885)</u> |
| | 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 | <u>153,005,464</u> | <u>–</u> |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings (loss) per share | <u>1,964,121,543</u> | <u>1,780,442,984</u> |

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. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT

During the Period, the Group acquired investment properties and property, plant and equipment 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.

8. 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 |
| | <hr/> | <hr/> |
| | 147,339 | 4,015 |
| Other receivables | 238,879 | 114,538 |
| Deposits and prepayments | 27,327 | 21,742 |
| | <hr/> | <hr/> |
| | 413,545 | 140,295 |
| | <hr/> | <hr/> |

9. 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 |
| | <hr/> | <hr/> |
| | 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 |
| | <hr/> | <hr/> |
| | 836,153 | 748,905 |
| | <hr/> | <hr/> |

10. 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.

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, the Group had gained HK\$1,179.7 million from property revaluation during the 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 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.

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.

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 China, 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.

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.

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.

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 (“Gold Shine”), 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.

INTERIM DIVIDEND

The Board 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).

REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE

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 for Securities Transactions by Directors of Listed Issuers (“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.

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.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.emp163.com>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Emperor 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*)

Executive Directors:

Mr. Wong Chi Fai (*Managing Director*)

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

Mr. Cheung Ping Keung

Ms. Mok Fung Lin, Ivy

Independent Non-executive Directors:

Mr. Chan Man Hon, Eric

Mr. Liu Hing Hung

Mr. Law Ka Ming, Michael