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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, 2010**

**FINANCIAL HIGHLIGHTS (UNAUDITED)**

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		
Lease of properties	<b>188,948</b>	158,333
Properties development	<b>930</b>	380,115
Hotel and hotel related operations	<b>643,992</b>	99,548
Others	–	579
	<u><b>833,870</b></u>	<u>638,575</u>
Total turnover		
Segment profit/(loss)		
Lease of properties	<b>174,191</b>	143,377
Properties development	<b>(70,949)</b>	162,183
Hotel and hotel related operations	<b>195,755</b>	17,675
Others	–	384
	<u><b>298,997</b></u>	<u>323,619</u>
Total segment profit		
Revaluation gain on properties	<u><b>1,126,204</b></u>	<u>1,179,737</u>
Profit for the period attributable to owners of the Company	<u><b>997,244</b></u>	<u>1,323,736</u>
Earnings per share		
Basic	<u><b>HK\$0.34</b></u>	<u>HK\$0.73</u>
Diluted	<u><b>HK\$0.34</b></u>	<u>HK\$0.68</u>

\* *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, 2010 (the “Period”) together with comparative figures for the corresponding period in 2009 as set out below:

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

		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2010</b>	2009
	<i>Notes</i>	<b>(unaudited)</b>	(unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover		<b>833,870</b>	638,575
Cost of sales		<b>(576)</b>	(214,917)
Cost of hotel and hotel related operations		<b>(202,220)</b>	(33,933)
Direct operating expenses		<b>(13,617)</b>	(10,926)
		<hr/>	<hr/>
Gross profit		<b>617,457</b>	378,799
Other operating income – net		<b>16,859</b>	9,791
Selling and marketing expenses		<b>(247,623)</b>	(28,815)
Administrative expenses		<b>(116,423)</b>	(59,160)
Fair value change in investment properties		<b>1,126,204</b>	1,174,403
Impairment loss reversed in respect of properties under development		–	5,334
Discount on acquisition of a subsidiary		–	47,166
		<hr/>	<hr/>
Profit from operations	4	<b>1,396,474</b>	1,527,518
Finance costs		<b>(47,336)</b>	(33,322)
Share of associates’ results after taxation		–	18,129
		<hr/>	<hr/>
Profit before taxation		<b>1,349,138</b>	1,512,325
Taxation	5	<b>(233,514)</b>	(174,928)
		<hr/>	<hr/>
Profit for the Period		<b><u>1,115,624</u></b>	<b><u>1,337,397</u></b>
<b>Other comprehensive income:</b>			
Exchange difference arising on translation of foreign subsidiaries		<b>26,282</b>	866
Share of movements in translation reserve of an associate		–	154
		<hr/>	<hr/>
Other comprehensive income for the Period		<b><u>26,282</u></b>	<b><u>1,020</u></b>
Total comprehensive income for the Period		<b><u>1,141,906</u></b>	<b><u>1,338,417</u></b>

		<b>Six months ended</b>	
		<b>30th September,</b>	
		<b>2010</b>	<b>2009</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
<i>Notes</i>		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the Period attributable to:</b>			
	Owners of the Company	<b>997,244</b>	1,323,736
	Minority interests	<b>118,380</b>	13,661
		<u><b>1,115,624</b></u>	<u>1,337,397</u>
<b>Total comprehensive income attributable to:</b>			
	Owners of the Company	<b>1,020,329</b>	1,324,756
	Minority interests	<b>121,577</b>	13,661
		<u><b>1,141,906</b></u>	<u>1,338,417</u>
Earnings per share – basic	6	<u><b>HK\$0.34</b></u>	<u>HK\$0.73</u>
Earnings per share – diluted	6	<u><b>HK\$0.34</b></u>	<u>HK\$0.68</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30th September, 2010*

		As at 30th September, 2010 (unaudited) <i>HK\$'000</i>	31st March, 2010 (audited) (restated) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	8	15,198,750	13,332,798
Property, plant and equipment	8	1,760,503	1,799,230
Deposits paid for acquisition of investment properties/property, plant and equipment		129,170	60,731
Interests in associates		142	142
Amount due from an associate		2,645	2,645
Deposits in designated bank account for development properties		56,960	198,892
Loans receivable		1,740	1,784
Goodwill		56,683	56,683
Other assets		4,442	4,442
		17,211,035	15,457,347
<b>Current assets</b>			
Inventories		7,041	7,343
Properties held for sale		18,007	18,467
Properties under development		2,525,640	2,460,641
Trade and other receivables	9	1,140,222	445,226
Investments in trading securities		1	1
Taxation recoverable		–	32
Pledged bank deposit		300	300
Bank balances and cash		1,084,032	892,256
		4,775,243	3,824,266
<b>Current liabilities</b>			
Trade and other payables	10	1,452,016	695,875
Amount due to a related company		482,933	–
Amounts due to minority shareholders of subsidiaries		119,981	136,532
Taxation payable		168,593	159,053
Secured bank borrowings – due within one year		2,547,663	1,797,350
		4,771,186	2,788,810
<b>Net current assets</b>		4,057	1,035,456
<b>Total assets less current liabilities</b>		17,215,092	16,492,803

	As at	
	30th September, 2010 (unaudited)	31st March, 2010 (audited) (restated)
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current liabilities</b>		
Amount due to a related company	1,792,741	1,697,876
Amounts due to minority shareholders of subsidiaries	166,435	162,334
Secured bank borrowings – due after one year	2,751,889	3,433,336
Deferred taxation	886,793	679,557
	<u>5,597,858</u>	<u>5,973,103</u>
	<u><b>11,617,234</b></u>	<u><b>10,519,700</b></u>
<b>Capital and reserves</b>		
Share capital	29,683	29,683
Reserves	9,971,687	8,968,855
	<u>10,001,370</u>	<u>8,998,538</u>
<b>Equity attributable to owners of the Company</b>	<b>10,001,370</b>	<b>8,998,538</b>
<b>Minority interests</b>	<u><b>1,615,864</b></u>	<u><b>1,521,162</b></u>
	<u><b>11,617,234</b></u>	<u><b>10,519,700</b></u>

## **NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

*For the six months ended 30th September, 2010*

### **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, 2010.

### **2. PRINCIPAL ACCOUNTING POLICIES**

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

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

In the current interim Period, the Group has applied, for the first time, certain new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA.

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1st April 2010.

The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st April 2010.

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

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

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold lands that qualify for finance lease classification have been reclassified from prepaid lease payments for land to property, plant and equipment retrospectively. This resulted in a reclassification of comparative figures from prepaid lease payments for land with a previous carrying amount of HK\$612,097,000 to property, plant and equipment. No profit or loss items are affected as a result of the reclassification.

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

The Group has not early applied the 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

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

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2010	2009	2010	2009
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segments</b>				
Lease of properties	<b>188,948</b>	158,333	<b>1,300,395</b>	1,302,205
Properties development	<b>930</b>	380,115	<b>(70,949)</b>	183,092
Hotel and hotel related operations	<b>643,992</b>	99,548	<b>195,755</b>	17,675
Others	–	579	–	384
	<b>833,870</b>	<b>638,575</b>	<b>1,425,201</b>	1,503,356
Interest income			<b>2,880</b>	1,465
Unallocated corporate expenses, net			<b>(31,607)</b>	(24,469)
Finance costs			<b>(47,336)</b>	(33,322)
Discount on acquisition of a subsidiary			–	47,166
Share of associates' results after taxation			–	18,129
Taxation			<b>(233,514)</b>	(174,928)
Profit for the Period			<b>1,115,624</b>	<b>1,337,397</b>

#### 4. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$64,088,000 (2009: HK\$20,825,000) in respect of the Group's property, plant and equipment and crediting dividend income from securities of approximately HK\$Nil (2009: HK\$409,000).

#### 5. TAXATION

	Six months ended 30th September,	
	2010 (unaudited) HK\$'000	2009 (unaudited) HK\$'000
The (charge) credit comprises:		
Current tax:		
Hong Kong Profits Tax	(5,441)	(4,238)
People's Republic of China (the "PRC")		
Enterprise Income Tax	–	(21,184)
PRC Land Appreciation Tax	(989)	(24,853)
Macau Complimentary Income Tax	(19,696)	(2,551)
	<hr/>	<hr/>
	(26,126)	(52,826)
Deferred tax	(207,388)	(122,102)
	<hr/>	<hr/>
	<b>(233,514)</b>	<b>(174,928)</b>
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Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profit for the Period.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards

The Macau Complimentary Income Tax is calculated at the the applicable rate of 12% of estimated assessable profits for the Period (2009: 12%).

The provision of Land Appreciation Tax is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. Land Appreciation Tax has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

## 6. EARNINGS PER SHARE

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	2009
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
The calculation of basic and diluted earnings per share is based on the following data:		
<b>Earnings</b>		
Earnings for the purpose of calculating basic earnings per share	<b>997,244</b>	1,323,736
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (net of tax)	—	9,692
Earnings for the purpose of calculating diluted earnings per share	<b>997,244</b>	<b>1,333,428</b>
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<b>2,968,310,840</b>	1,811,116,079
Effect of dilutive potential ordinary shares:		
Convertible bonds	—	153,005,464
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<b>2,968,310,840</b>	<b>1,964,121,543</b>

The computation of diluted earnings per share does not assume the exercise of the Company's and EEH's (the Company's subsidiary) outstanding share options as the exercise prices of those options were higher than average market price of the Company's and EEH's shares during the Period.

## 7. DIVIDEND

	<b>Six months ended 30th September,</b>	
	<b>2010</b>	2009
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend of HK\$0.04 per share for the year ended 31st March, 2010 paid during the interim Period (year ended 31st March, 2009: Nil)	<b>118,732</b>	—

In respect of the current interim Period, the Directors propose that an interim dividend of HK\$0.048 (2009: HK\$0.048) per share will be paid to shareholders.

#### 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\$714,151,000, HK\$25,482,000 and HK\$64,999,000 (2009: HK\$81,414,000, HK\$18,903,000 and HK\$205,466,000) respectively.

#### 9. TRADE AND OTHER RECEIVABLES

An aged analysis of Group's trade receivables (net of allowances) based on the date of credit granted at the end of the reporting period is set out as follows:

	As at	
	30th September, 2010 (unaudited) HK\$'000	31st March, 2010 (audited) HK\$'000
0 – 30 days	154,845	98,620
31 – 90 days	17,101	31,216
91 – 180 days	11,062	9,105
Over 180 days	29,740	21,620
	<hr/>	<hr/>
	212,748	160,561
Chips on hand	135,171	134,165
Other receivables	694,910	100,489
Deposits and prepayments	97,393	50,011
	<hr/>	<hr/>
	<b>1,140,222</b>	<b>445,226</b>
	<hr/> <hr/>	<hr/> <hr/>

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

No credit period were granted to tenants of rental of premises. Before accepting any new tenant, the Group will internally access the credit quality of the potential tenants.

No credit period were granted to hotel customers generally except for those high credit rating customers to which an average credit period of 30 days were granted.

For gaming operation, the Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

Included in trade and other receivables are amounts due from related companies of HK\$9,861,000 (as at 31st March, 2010: HK\$14,068,000). These related companies are companies in which a deemed substantial shareholder of the Company has beneficial interest.

## 10. TRADE AND OTHER PAYABLES

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

	<b>As at</b>	
	<b>30th September,</b>	31st March,
	<b>2010</b>	2010
	<b>(unaudited)</b>	(audited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
0 – 90 days	31,777	27,861
91 – 180 days	904	120
Over 180 days	73	117
	<hr/>	<hr/>
	32,754	28,098
Construction payables and accruals	424,148	419,817
Other payables and accruals	157,389	116,679
Customers' deposits	120,510	113,778
Short term advance	15,000	15,000
Deposit received from pre-sales of properties	702,215	2,503
	<hr/>	<hr/>
	<b>1,452,016</b>	<b>695,875</b>
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## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group principally engages in property investments, property development and operation of hotels in Hong Kong, Macau and PRC.

### **Market Review**

The global economy has rebounded substantially since 2010 in response to the coordinated stimulus measures and monetary easing policies implemented by the central government around the world and the recovering equities market worldwide. Owing to the abundance of credit, limited supply and the expected inflation, demand for local properties remains strong, especially for those in luxury sector and prime area. Both the volume and prices in the sale of residential properties and the leasing market achieved record high in Hong Kong. Thanks to the mainlander's investment funds, a sustainable growth of property demand is expected to continue in the long-run.

### **Financial Review**

#### ***Overall Review***

All of the Group's businesses reported solid performance for the Period.

Attributable to the steady growth of rental income contributed by the Group's high-quality investment property portfolio and significant increase of income from self-run hotels, the Group reported total revenue of approximately HK\$833.9 million during the Period, representing an increase of 30.6%.

Excluding the revaluation adjustment, the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") amounted to HK\$331.5 million. The profit for the Period attributable to owners of the Company was HK\$997.2 million.

Basic and diluted earnings per share were HK\$0.34 (2009: HK\$0.73) and HK\$0.34 (2009: HK\$0.68) respectively.

#### ***Liquidity And Financial Resources***

As at 30th September 2010, the Group's net asset value and net asset value per share amounted to HK\$10,001.4 million and HK\$3.37 per share respectively. The Group had a total gross area of 4.9 million square feet in Hong Kong, Macau and PRC for development and redevelopment.

The Group has bank balances and cash amounted to HK\$1,084.0 million as at 30th September 2010. The total external borrowings (excluding payables) amounted to approximately HK\$7,861.6 million and the Group maintained a debt to total asset ratio of 35.8% (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 operation. 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.

## **Business Review**

### ***Investment Property***

Rental income from investment properties continues to be the Group’s major revenue contributor during the Period. Rental income derived from investment properties increased by 19.3% to HK\$188.9 million, accounting for 22.7% of total revenue.

The Group owns many premium investment properties including retail shops at prime location with high pedestrian flow, high quality offices and industrial buildings in Hong Kong, Macau and PRC. The Group recorded overall occupancy rate of over 98% for its retail properties as at 30th September, 2010, attributable to the prime location of the majority of the Group’s retail properties. Key investment properties include the retail shops along Russell Street in Causeway Bay and Canton Road in Tsim Sha Tsui, shopping mall at *Emperor Group Centre* in Wanchai, *Fitfort* shopping arcade in North Point and *Emperor Plaza* in Tsuen Wan, and commercial/industrial complex at *Emperor International Square* in Kowloon Bay.

At Russell Street, Causeway Bay, one of the world’s top two streets with highest shop rental rate, the Group further extended its coverage by acquiring the whole block of building at nos. 22 and 24 on the street during the Period. This further enhanced the Group’s property portfolio and consolidated its leading position on the premium retail shops.

As to the investment property under development, the Group has a multi-function beach-front leisure and recreation complex in Repulse Bay, *The Pulse*, with a gross floor area of 146,294 square feet. Subsequent to its completion of construction work, the Group intends to lease out the complex as soon as its disagreement on the interpretation of government lease with the Hong Kong SAR Government is resolved.

In Macau, it is expected that the building plan for the redevelopment of a premium city-centre property on Avenida da Praia Grande with a total gross floor area of 29,595 square feet could be obtained in the last quarter of 2010. The new retail complex is expected to generate stable rental income upon completion of redevelopment around 2012.

In the PRC, 80% of clearance work of the site along Chang'an Avenue East in Beijing has been completed as at 30th September 2010. It is planned to be developed into a comprehensive high grade commercial complex with a total gross area of approximately 989,255 square feet, including ancillary and car parking facilities at its basement. The project will include a retail podium with high-end entertainment hot spots and a Grade-A office tower.

Regarding the *Emperor Star City* located in Yu Yuan, Huang Pu District, Shanghai, the property will be developed into a shopping arcade and hotel or service apartment complex at the prime site of 246,200 sq. ft., which is adjacent to the new Shanghai M10 subway route. Its foundation and basement excavation work for the development has been completed. The main body of the complex will be a multi-storey shopping arcade with an expected total gross area of 1,298,500 sq. ft. The Group expects such project to generate stable rental revenue and enhance the Group's balance sheet when it is transformed into an investment property upon completion in the long-run. The Group is now awaiting the outcome of the litigation set out in the section headed "Contingent Liabilities" below in relation to the cancellation of a joint venture concerning the development of the project.

### ***Property Development***

To capture the growing demand for residential properties, the Group has commenced the pre-sale of *Harbour One*, the Group's sea-view luxury residential development in Western District and *The Java*, a high-end multi-storey composite building in North Point during the Period.

*Harbour One*, which comprises a 38-storey luxury residential tower with 103 flats and a total gross area of approximately 140,000 square feet, is expected to be completed in 2012. Its pre-sale commenced on 2nd May 2010. Well received by overwhelming market response, approximately 52% of its units have been sold at an average unit rate of HK\$13,800 per square foot on gross floor area within one week. As at 30th September 2010, over 53% of its units have been sold.

*The Java*, which comprises a 32-storey tower with 75 flats and 3 shops and a total gross area of approximately 69,000 square feet, is expected to be completed in 2012. Its pre-sale commenced on 24th July 2010. As at 30th September 2010, over 86% of its units have been sold at an average unit rate of HK\$12,500 per square foot on gross floor area.

Meanwhile, the Group has a redevelopment site on Shing On Street, Sai Wan Ho. It is a single residential tower block with a total gross area of approximately 83,000 square feet. Substructure works was still in progress during the Period with the target completion of work in 2013. The Group plans to offer the residential units for pre-sale in mid-2011.

During the Period, the redevelopment work on Prince Edward Road West, Kowloon was in progress. The site on Prince Edward Road West, which is close to the Shatin-Central Rail Link, will be developed into a multi-storey residential/commercial block with a total gross floor area of approximately 30,000 square feet with the target completion in 2011.

***Cheung Ka Industrial Building***, 92% of the property shares of which has been acquired by the Group, holds a panoramic view of the Victoria Harbour. Following unification of title, it is planned to be redeveloped into a luxury composite retail/residential building of total gross floor area amounting to approximately 185,000 square feet.

In line with the Group's market positioning and business focus, the site at DD210, Ho Chung, Sai Kung will be developed into luxury low-rise residential complex with a total gross floor area of approximately 26,414 square feet. It will be developed into 13 detached or semi-detached sea-view houses to meet the high demand of luxury low-rise residential properties.

#### ***Hotel Operations and Related Services***

The segment mainly includes revenue from ***Emperor (Happy Valley) Hotel*** in Hong Kong and contributions by ***Grand Emperor Hotel*** in Macau whose income from hospitality and related services had been consolidated with the Group. This revenue segment increased by 546.9% significantly to HK\$644.0 million, accounting for 77.2% of the Group's total revenue.

***Emperor (Happy Valley) Hotel*** in Hong Kong generated revenue mainly from the hotel's accommodation services as well as food and beverage services. During the Period, it 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.

Riding on the prestigious reputation of "***Emperor***" and the premium quality of its services, ***Grand Emperor Hotel*** in Macau had been well received by Hong Kong and mainland visitors. Owing to the keen competition, marketing strategies were implemented to expand guests base and widen income source. The hotel has actively partnered with tour operators, particularly for Japanese visitors.

## **OUTLOOK**

Looking forward, the market momentum is expected to continue in the forthcoming quarters despite continuing challenges in the global market. In the long-run, the local government's measures to fine-tune the land supply arrangements and to stabilise property prices are expected to facilitate the healthy development of the property market. Underlying demand from end-users and investors will continue to lend solid support to both property transactions and prices, particularly in the segment for luxurious residential properties and prime retail locations. Meanwhile, the tightening policy initiated by the PRC government to regulate property prices will enable the mainland property market to grow steadily on a healthier track.

In light of the increasing number of mainland visitors over the years, the Group will enjoy substantial and stable rental income at the prime shopping district area. The Group will continue to upgrade and expand its leasing property portfolio with quality projects as well as optimise the tenant mix in order to achieve growth and higher yields from rental income.

Riding on the rising market demand on luxury residential units, the Group will dedicate to secure a steady return rate from the sale of residential property development. The Group will closely monitor the market conditions and government measures and react to take advantage of the marketing windows.

The Group will continue to be cautious in seeking investment opportunities to enhance shareholders' return. With the Group's excellent market insights backed by the strong team, the Group strives to be a key property player in Greater China.

## **EMPLOYEES AND REMUNERATION POLICY**

The total cost incurred for staff including Directors' emoluments amounted to HK\$171.4 million during the Period as compared with HK\$57.1 million in the last corresponding period. The number of staff was approximately 1,320 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, 2010 was 37,500,000 share options.

## **ASSETS PLEDGED**

As at the end of the Period, assets with carrying value of HK\$15,316.8 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 as a result of the JV Partner’s failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner’s contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK\$96.8 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$115.8 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner’s counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case was still in the progress as at the end of the Period.

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

In July 2008, Gold Shine Investment Limited (“Gold Shine”), an indirectly held subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of interpretation of the government lease relating to its investment properties under development situated in Repulse Bay. Land premium might have to be paid to the government of the HKSAR in order for the current development on the land to be rented out if the declarations were not granted. The Court of the First Instance declined to grant declarations sought. Gold Shine has lodged an appeal. The proceeding was still in progress up to the date these condensed consolidated financial statements were authorised for issuance. The Group is of the view that the ultimate outcome of the case is not determinable at this stage and no provision was made by the Group.

## **INTERIM DIVIDEND**

The Board declared to pay an interim dividend of HK\$0.048 per share (“Dividend”) for the financial year ending 31 March 2011 (2009/2010: HK\$0.048 per share) amounting to approximately HK\$142.5 million (2009/2010: HK\$94.5 million). The Company will issue a separate announcement later in respect of the Dividend payment date.

## **CLOSURE OF REGISTER OF MEMBERS**

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

## **REVIEW OF INTERIM RESULTS**

These condensed consolidated 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, 24th November, 2010

*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