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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 30 SEPTEMBER 2017**

**FINANCIAL SUMMARY**

	<b>Six months ended</b>		<b>Changes</b>
	<b>30 September</b>		
	<b>2017</b>	<b>2016</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
Total revenue	<b>1,465,986</b>	2,215,792	<b>- 33.8%</b>
– Investment properties for rental income	<b>539,493</b>	430,379	<b>+ 25.4%</b>
– Property development for sale	<b>186,700</b>	964,453	<b>- 80.6%</b>
– Hotel operations and related services	<b>739,793</b>	820,960	<b>- 9.9%</b>
Gross profit	<b>1,061,583</b>	1,505,035	<b>- 29.5%</b>
Fair value changes of investment properties	<b>1,430,148</b>	(777,182)	<b>N/A</b>
Profit/(loss) attributable to the owners of the Company			
– Underlying <sup>1</sup>	<b>246,468</b>	449,390	<b>- 45.2%</b>
– Reported	<b>1,596,732</b>	(392,886)	<b>N/A</b>
Basic earnings/(loss) per share	<b>HK\$0.43</b>	HK\$(0.11)	<b>N/A</b>
Interim dividend per share	<b>HK\$0.047</b>	HK\$0.045	<b>+ 4.4%</b>

<sup>1</sup> *Excluding the effect of any fair value changes and write-downs net of deferred taxation*

\* *for identification purpose only*

Emperor International Holdings Limited  
2017/2018 Interim Results Announcement

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 30 September 2017 (the “Period”) together with comparative figures for the corresponding period in 2016 as set out below:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 September 2017*

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2017</b>	2016
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue		<b>1,465,986</b>	2,215,792
Cost of properties sales		<b>(63,817)</b>	(362,381)
Cost of hotel and hotel related operations		<b>(304,052)</b>	(316,928)
Direct operating expenses in respect of leasing of investment properties		<b>(36,534)</b>	(31,448)
Gross profit		<b>1,061,583</b>	1,505,035
Other income		<b>44,300</b>	44,238
Fair value changes of investment properties		<b>1,430,148</b>	(777,182)
Other gains and losses	4	<b>70,911</b>	(146,448)
Selling and marketing expenses		<b>(188,841)</b>	(356,948)
Administrative expenses		<b>(259,001)</b>	(215,399)
Share of result of a joint venture		<b>(35)</b>	(35)
Profit from operations	5	<b>2,159,065</b>	53,261
Finance costs		<b>(290,587)</b>	(204,831)
Profit (loss) before taxation		<b>1,868,478</b>	(151,570)
Taxation charge	6	<b>(184,061)</b>	(187,741)
Profit (loss) for the period		<b>1,684,417</b>	(339,311)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME** (continued)

		<b>Six months ended</b>	
		<b>30 September</b>	
		<b>2017</b>	2016
		<b>(unaudited)</b>	(unaudited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive income (expense)</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties		–	30,500
Deferred tax on revaluation surplus of prepaid lease payments and property, plant and equipment transferred to investment properties		–	(3,660)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		<u>381,757</u>	<u>(125,825)</u>
Other comprehensive income (expense) for the period		<u>381,757</u>	<u>(98,985)</u>
Total comprehensive income (expense) for the period		<u><b>2,066,174</b></u>	<u><b>(438,296)</b></u>
Profit (loss) for the period attributable to:			
Owners of the Company		<u>1,596,732</u>	<u>(392,886)</u>
Non-controlling interests		<u>87,685</u>	<u>53,575</u>
		<u><b>1,684,417</b></u>	<u><b>(339,311)</b></u>
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		<u>1,978,489</u>	<u>(508,516)</u>
Non-controlling interests		<u>87,685</u>	<u>70,220</u>
		<u><b>2,066,174</b></u>	<u><b>(438,296)</b></u>
Earnings (loss) per share	7		
Basic (HK\$)		<u><b>0.43</b></u>	<u><b>(0.11)</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2017

		At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
	Notes		
<b>Non-current assets</b>			
Investment properties	9	47,477,791	40,808,858
Property, plant and equipment	9	3,582,419	3,572,531
Derivative financial instruments		4,389	–
Deposits paid for acquisition of investment properties/property, plant and equipment		76,076	603,034
Receivables related to a development project		174,768	167,262
Prepaid lease payments		538,335	547,255
Interest in a joint venture	10	636,720	630,187
Goodwill		56,683	56,683
Other assets		4,092	4,092
Pledged bank deposits		30,890	30,508
		<u>52,582,163</u>	<u>46,420,410</u>
<b>Current assets</b>			
Inventories		13,663	14,153
Properties held for sale	11	120,328	184,127
Properties under development for sale	9	1,856,848	1,719,141
Prepaid lease payments		17,832	17,832
Trade and other receivables	12	1,092,059	728,497
Taxation recoverable		20,898	43,307
Deposit in designated bank account for development properties		9,643	9,182
Pledged bank deposits		332	329
Short-term bank deposits		1,502,657	2,822
Bank balances and cash		2,920,163	6,620,318
		<u>7,554,423</u>	<u>9,339,708</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

		At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
	<i>Notes</i>		
<b>Current liabilities</b>			
Trade and other payables	13	1,314,539	1,221,694
Amount due to a related company		456,443	465,878
Amounts due to non-controlling interests of subsidiaries		112,800	120,800
Taxation payable		518,155	478,695
Unsecured notes – due within one year		400,000	1,645,919
Bank borrowings – due within one year		4,195,764	3,545,334
		<b>6,997,701</b>	7,478,320
<b>Net current assets</b>		<b>556,722</b>	1,861,388
<b>Total assets less current liabilities</b>		<b>53,138,885</b>	48,281,798
<b>Non-current liabilities</b>			
Amount due to a related company		2,833,851	1,522,755
Unsecured notes – due after one year		6,751,719	7,122,121
Bank borrowings – due after one year		10,957,632	9,009,674
Deferred taxation		2,107,729	1,911,415
		<b>22,650,931</b>	19,565,965
		<b>30,487,954</b>	28,715,833
<b>Capital and reserves</b>			
Share capital		36,775	36,775
Reserves		27,287,502	25,509,755
		<b>27,324,277</b>	25,546,530
Equity attributable to owners of the Company		<b>27,324,277</b>	25,546,530
Non-controlling interests		3,163,677	3,169,303
		<b>30,487,954</b>	28,715,833

*NOTES:*

**1. BASIS OF PREPARATION**

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2017.

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

**2. PRINCIPAL ACCOUNTING POLICIES**

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

In the Period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are mandatorily effective for accounting periods beginning on or after 1 April 2017. Except as described below, the accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017.

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 cycle

The application of the above amendments to HKFRSs in the Period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

### 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. Segment results represent the profit earned by or loss suffered from each segment without allocation of central administration cost, interest income, finance costs, share of result of joint venture, fair value changes of investment properties and derivative financial instruments. 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	
	30 September		30 September	
	2017	2016	2017	2016
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Business segments</b>				
Lease of properties	539,493	430,379	469,023	380,079
Properties development	186,700	964,453	130,771	447,166
Hotel and hotel related operations	739,793	820,960	149,678	145,040
	<u>1,465,986</u>	<u>2,215,792</u>	<u>749,472</u>	<u>972,285</u>
Interest income			27,076	25,605
Corporate expenses, net			(47,596)	(159,377)
Fair value changes of investment properties			1,430,148	(777,182)
Net loss on fair value changes in derivative financial instruments			–	(8,035)
Finance costs			(290,587)	(204,831)
Share of result of a joint venture			(35)	(35)
Profit (loss) before taxation			1,868,478	(151,570)
Taxation charge			(184,061)	(187,741)
Profit (loss) for the period			<u>1,684,417</u>	<u>(339,311)</u>

### 4. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
	2017	2016
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net loss on fair value changes in derivative financial instruments	–	(8,035)
Net exchange gain (loss)	25,194	(125,413)
Loss arising from misappropriation of funds (note a)	–	(13,000)
Reversal of write-downs of properties under development for sale (note b)	45,717	–
	<u>70,911</u>	<u>(146,448)</u>

#### 4. OTHER GAINS AND LOSSES (continued)

Notes:

- (a) During the six months ended 30 September 2016, the Group was aware that an ex-senior casino cashier of a subsidiary of the Company in Macau had embezzled some of the chips on hand (“Misappropriation of Funds”) of the Group. The matter was reported to The Inspectorate of Macao Judiciary Police and the ex-senior casino cashier was arrested for criminal investigation. The court judgement was obtained and the person had pleaded guilty and is now in prison.

The loss arising from the Misappropriation of Funds amounting to HK\$13,000,000 was charged to the unaudited condensed consolidated statement of profit or loss in 2016.

- (b) During the Period, the Directors reviewed the recoverability of the properties under development for sale with reference to the current market environment and reversed the previously recognised write-downs of HK\$45,717,000.

#### 5. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$95,823,000 (2016: HK\$102,674,000) in respect of the Group’s property, plant and equipment.

#### 6. TAXATION CHARGE

	Six months ended	
	30 September	
	2017	2016
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Tax charge comprises:		
<i>Current tax</i>		
Hong Kong Profits Tax	(32,679)	(98,453)
Macau Complementary Income Tax (“CT”)	(21,337)	(21,780)
United Kingdom (“UK”) Income Tax	(2,624)	—
	<u>(56,640)</u>	<u>(120,233)</u>
<i>Deferred taxation</i>	<u>(127,421)</u>	<u>(67,508)</u>
	<u><b>(184,061)</b></u>	<u><b>(187,741)</b></u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

The CT is calculated at the applicable rate of 12% of estimated assessable profits for both periods.

UK Income Tax is calculated at the applicable rate of 20% of the estimated assessable profits for both periods.



## 7. EARNINGS (LOSS) PER SHARE

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

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit (loss)</b>		
Profit (loss) for the period attributable to owners of the Company for the purpose of basic earnings (loss) per share	<u><u>1,596,732</u></u>	<u><u>(392,886)</u></u>
	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of basic earnings (loss) per share	<u><u>3,677,545,667</u></u>	<u><u>3,677,545,667</u></u>

Diluted earnings (loss) per share is not presented as the Company and its subsidiary, Emperor Entertainment Hotel Limited, do not have any dilutive potential ordinary share for both periods.

## 8. DIVIDEND

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2017</b>	<b>2016</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend of HK\$0.058 per share for the year ended 31 March 2017 paid during the period (year ended 31 March 2016: HK\$0.055)	<u><u>213,298</u></u>	<u><u>202,265</u></u>

The Board has declared an interim dividend of HK\$0.047 (2016: HK\$0.045) per share amounting to approximately HK\$172,845,000 (2016: HK\$165,489,000).

## **9. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT FOR SALE**

### **Investment properties**

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

During the Period, the Group acquired investment properties for a cash consideration of HK\$4,095,018,000 (2016: HK\$177,390,000).

The fair values of the Group's investment properties at 30 September 2017 and 31 March 2017 have been arrived at on the basis of a valuation carried out on those date by Memfus Wong Surveyors Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent firms of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards (2012 Edition) issued by Hong Kong Institute of Surveyors and in accordance with IVS300-Valuation for Financial Reporting defined in the International Valuation Standards issued by the International Valuation Standard Committee.

For completed investment properties, the valuations have been arrived at with reference to market evidence of recent transaction prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

For investment properties under development, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations include key factors such as the market value of the completed investment properties, which are estimated with reference to recent sales evidence of similar properties in the nearest locality as available in the relevant market with adjustments made by the valuers to accounts for differences in the locations and other factors specific to determine the potential sales proceeds, and deducting the development costs and required profit margin from the investment properties which are derived from the interpretation of prevailing investor requirements or expectations at the valuation dates.

The resulting increase in fair value of investment properties of approximately HK\$1,430,148,000 (2016: decrease of approximately HK\$777,182,000) has been recognised directly in profit or loss for the Period.

### **Property, plant and equipment and properties under development for sale**

During the Period, the Group acquired property, plant and equipment and properties under development for sale amounting to approximately HK\$83,585,000 and HK\$70,887,000 (2016: HK\$183,902,000 and HK\$120,560,000) respectively.

#### 10. INTEREST IN A JOINT VENTURE

Interest in a joint venture represents interest in Superb Land Limited of which the Group holds 40% equity interest. Superb Land Limited holds 100% interest in Talent Charm Corporation Limited (“Talent Charm”), being the property development company of a development project located at Rural Building Lot No. 1198, Shouson Hill Road West, Hong Kong.

As at 30 September 2017, the Group has given corporate guarantee of HK\$941,600,000 (31 March 2017: HK\$941,600,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$568,000,000 (31 March 2017: HK\$556,000,000) has been utilised. In the opinion of the Directors, the fair value of the guarantee is not significant.

#### 11. PROPERTIES HELD FOR SALE

The carrying amounts of properties held for sale comprise properties situated in:

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
Hong Kong	119,862	183,679
The People's Republic of China	466	448
	<u>120,328</u>	<u>184,127</u>

#### 12. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2017 (unaudited) HK\$'000	At 31 March 2017 (audited) HK\$'000
0 – 30 days	122,476	138,483
31 – 90 days	2,067	4,545
91 – 180 days	1,784	3,293
Over 180 days	15,165	14,511
	<u>141,492</u>	<u>160,832</u>
Chips on hand	114,276	121,245
Other receivables	377,424	239,008
Deposits and prepayments	458,867	207,412
	<u>1,092,059</u>	<u>728,497</u>

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

No credit period was granted to tenants of rental of premises. Before accepting any new tenant, the Group will internally assess the credit quality of the potential tenant. No credit period was granted to hotel customers generally except for those high credit rating customers to whom an average credit period of 30 days were granted.

## 12. TRADE AND OTHER RECEIVABLES (continued)

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 credit periods are extended to a longer period.

Included in other receivables are amounts due from related companies of HK\$30,651,000 (as at 31 March 2017: HK\$38,304,000). These related companies are indirectly controlled by Albert Yeung Holdings Limited (“AY Holdings”), being the ultimate holding company of the Company. The amounts are unsecured, interest-free and repayable within one year.

## 13. 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:

	At 30 September 2017 (unaudited) HK\$’000	At 31 March 2017 (audited) HK\$’000
0 – 90 days	15,857	19,408
91 – 180 days	211	236
Over 180 days	44	16
	<u>16,112</u>	<u>19,660</u>
Construction payables and accruals	615,291	663,656
Other payables and accruals	351,473	269,718
Rental deposits received	288,687	268,660
Deposits received from sales of properties	42,976	–
	<u>1,314,539</u>	<u>1,221,694</u>

## 14. ACQUISITIONS

During the Period, the Group had acquired the following material property interests:

- (a) In June 2017, the Group acquired property interests Ampersand Building, a composite building comprising retail spaces, office premises and leasehold apartments, at Nos. 111-125 Oxford Street, No. 178 Wardour Street and No. 15 Hollen Street, London, United Kingdom (W1F8ZZ) at a cash consideration of approximately GBP260,000,000, equivalent to approximately HK\$2,587,580,000.
- (b) In July 2017, the Group also acquired properties interests of 12 retail spaces located at G/F and LG/F, Fairview Height, No 1 Seymour Road, Mid-Levels, Hong Kong at a cash consideration of approximately HK\$515,000,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in property investments, property development and hospitality, owning properties with a total area of over 5 million square feet in Greater China and overseas. Under its tri-engine business model, the Group owns many investment properties in prime locations that generate stable recurrent income; runs many property development projects for earnings visibility; and develops hospitality services with strong recurrent cash flow.

## FINANCIAL REVIEW

### Overall Review

During the Period, the Group's total revenue was HK\$1,466.0 million (2016: HK\$2,215.8 million). Rental income from the Group's investment properties portfolio grew by 25.4% to HK\$539.5 million (2016: HK\$430.4 million), representing 36.8% (2016: 19.4%) of the total revenue. The increase in rental income was largely driven by an expanded portfolio of properties such as *Emperor Group Centre* in Beijing and *Ampersand Building* in London. Revenue from the sales of development properties was HK\$186.7 million (2016: HK\$964.5 million), whilst the hospitality segment declined to HK\$739.8 million (2016: HK\$821.0 million), which accounted for 50.5% (2016: 37.1%) of the total revenue.

Gross profit was HK\$1,061.6 million (2016: HK\$1,505.0 million). A revaluation gain of investment properties was amounted to HK\$1,430.1 million (2016: a revaluation loss of HK\$777.2 million). The profit for the Period attributable to the owners of the Company was HK\$1,596.7 million (2016: loss for the period attributable to the owners of the Company of HK\$392.9 million).

Basic earnings per share was HK\$0.43 (2016: basic loss per share of HK\$0.11). The Board declared payment of an interim dividend of HK\$0.047 (2016: HK\$0.045) per share.

### Liquidity and Financial Resources

As at 30 September 2017, the Group's net asset value and net asset value per share amounted to HK\$27,324.3 million (31 March 2017: HK\$25,546.5 million) and HK\$7.43 (31 March 2017: HK\$6.95) per share, respectively.

The Group had cash, bank balances and bank deposits amounting to HK\$4,454.0 million as at 30 September 2017 (31 March 2017: HK\$6,654.0 million). The total external borrowings (excluding payables) amounted to approximately HK\$25,708.2 million (31 March 2017: HK\$23,432.5 million) and the Group's net gearing ratio was 35.4% (31 March 2017: 30.2%) (measured by net debts 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, unsecured notes and unsecured loans from a related company to finance its operation. The Group's bank borrowings were denominated in Hong Kong dollars, Renminbi ("RMB") and Sterling Pounds, and their interest rates followed market rates. The unsecured notes were denominated in Hong Kong dollars and US dollars at fixed rates ranging from 4% to 5% per annum. The Group's bank balances and cash were also denominated in Hong Kong dollars, RMB, Macau Pataca ("MOP") and Sterling Pounds. The Group is exposed to certain foreign exchange risk caused by fluctuation in RMB exchange rate. The Group closely monitors its overall foreign exchange exposure by adopting appropriate measures to mitigate the currency risks such as the cross-currency rate swap contracts for the unsecured notes.

## **BUSINESS REVIEW**

### **Investment Properties for Rental Income**

The Group's investment property portfolio primarily focuses on quality street-level retail spaces and commercial buildings in prominent locations, not just in Greater China, but also in the United Kingdom. In recent years, the Group has significantly expanded its portfolio of properties and grown its footprint in Hong Kong, Beijing and London through developments and acquisitions. The Group also strives to enhance the proportion of retail and commercial buildings, on a whole block basis, among its existing property investment portfolio, aiming to diversify its rental income streams, and ensure the Group is in a more resilient position to withstand market volatility. As a result of the majority of its premises being in prime locations, the overall occupancy rate of the Group's investment properties was nearly 95% as at 30 September 2017.

#### *Projects to be launched soon*

##### *– Macau*

The construction of ***Emperor Nam Van Centre***, a multi-storey premium retail complex on the Macau Peninsula, was completed during the Period. With a gross floor area of approximately 30,000 square feet, the retail complex will become a prime shopping locale with a blend of shopping and lifestyle offerings. Marketing activities and pre-leasing of the spaces were commenced during the Period. Some of the units have been handed over to tenants for their shop layout design and interior refurbishment work since November 2017.

## *Existing Portfolio*

### – *Mainland China*

Located in Chang'an Avenue East, Beijing, **Emperor Group Centre** was completed during the Period. This is a 28-storey (excluding three-storey basement with parking facilities) Grade-A office tower and premier shopping mall with premium cinema, encompassing a gross floor area of approximately 1,062,000 square feet. As of 30 September 2017, more than 88% of office and retail space were committed by anchors and various tenants including financial asset management corporation, retail and commercial bank, luxury watch and jewellery retailers, high fashion designer brand, fitness centre, and several fine-dining and catering operators. During the Period, the Group hosted a series of marketing and communication events with prominent tenants, which gained offline and even online exposure through collaboration with Key-Opinion-Leaders and bloggers. The inauguration of **Emperor Group Centre**, which boasts a prominent location in China's capital city, marks a significant milestone for the Group in upscaling significant commercial projects in mainland China.

### – *Hong Kong – Retail Premises*

The Group owns many premium investment properties, including street level retail space in Hong Kong's prime shopping districts. Key investment properties include the retail shops and shopping malls at **Nos. 8, 20, 22-24 and 50-56 Russell Street, No. 76 Percival Street** and **Nos. 474-476, 478-484, 507, 523 Lockhart Road** in Causeway Bay; **Nos. 4-8 Canton Road, Nos. 81, 83 Nathan Road, Nos. 35-37 Haiphong Road** and **Nos. 25-29 Hankow Road** in Tsim Sha Tsui; **The Pulse** in Repulse Bay; **Fitfort Shopping Arcade** in North Point; and **Level 3, New Town Mansion Shopping Arcade** in Tuen Mun. During the Period, the Group completed an acquisition of the **retail shops of Fairview Height**, Mid-levels, Hong Kong. Located in the traditional luxury residential area on Hong Kong Island, this property is surrounded by upscale residential properties in Mid-Levels, where its local retail market is supported by high income group.

### – *Hong Kong – Office, Commercial & Industrial Complexes*

In addition to the above-mentioned retail spaces, the Group's rental income from complexes mainly includes **Emperor Group Centre, China Huarong Tower** and **Nos. 75-85 Lockhart Road** in Wan Chai; **Wincome Centre** in Central; a complex at **Nos. 45-51 Kwok Shui Road** in Kwai Chung; **New Media Tower** in Kwun Tong; **Ulferts Centre** in Tuen Mun; and **commercial and car park complexes at Sui Wo Court** in Sha Tin.

The Group continually strives to upgrade the quality and maximise the potential rental income of its premises by undertaking various transformation and refurbishing programmes. In the redevelopment of **Nos. 75-85 Lockhart Road**, two adjacent buildings were demolished. It will be developed into a Japanese-Ginza style commercial and catering composite building with a gross floor area of approximately 96,000 square feet. The project is scheduled for completion in 2019. The redevelopment is set to reinvigorate the area, with a vibrant building in the heart of Wanchai – one of the core commercial districts on Hong Kong Island, and presents significant value-creation opportunities to the Group.

Located at **No. 4 Kin Fat Lane** in Tuen Mun, **Ulferts Centre** is currently a 14-storey industrial building for industrial purpose with a gross floor area of over 178,000 square feet. An application was submitted for the proposed wholesale conversion into a commercial building covering diversified purposes such as food and beverage, retail spaces and offices. This revitalisation project is in progress with target completion in 2019.

**Mustard Seed**, the Group's first co-working space, was introduced in **Emperor Group Centre**, Wanchai. Encompassing a gross floor area of approximately 5,000 square feet, **Mustard Seed** is designated to offer freelancers, innovators and entrepreneurs a convenient and affordable working space with a host of amenities. It serves as a platform for motivated professionals, especially in the arts and design industries, to network and collaborate with each other, creating a more productive and connected community of entrepreneurs.

– *London*

The Group owns a 7-storey (including basement) retail and office complex at **Nos. 181-183 Oxford Street**, and a 8-storey (including basement) retail and office complex at **Nos. 25-27 Oxford Street**, in London. During the Period, the Group completed the acquisition of **Ampersand Building**, a composite building comprising retail spaces, office premises and leasehold apartments, at Nos. 111-125 Oxford Street, London. It is a freehold 8-storey (including basement) composite building with a total floor area of approximately 90,999 square feet. Located in the prime retail and vibrant SOHO office area of London's West End, it is also in close proximity to the Tottenham Court Road Crossrail development, thereby enjoying significant pedestrian traffic and enhanced accessibility. In line with the Group's strategic focus, this acquisition presents a rare opportunity to purchase a quality asset that will be attractive to retail and office tenants over the long term, on a whole block basis, on a prominent street in the world-renowned cosmopolitan city.



## **Property Development for Sale**

The Group pursues a strategy of providing quality residential properties including luxury composite buildings in popular urban areas and low-rise detached houses in unique spots, with convenient access to transportation networks. A steady development pipeline is fixed for providing medium-term contributions to the sale of residential units for earnings visibility.

### *Projects to be launched soon*

A residential site, at **Tuen Mun town Lot No. 436, Kwun Fat Street, Siu Lam**, Tuen Mun, with a gross floor area of approximately 39,000 square feet, was developed into 14 low-rise detached and semi-detached houses. The occupation permit was obtained in November 2016 and the completed units will be launched to the market in the first half of 2018.

**The Amused**, an urban redevelopment project to create a 26-storey composite residential/retail tower offering 136 units in **Sham Shui Po**, Kowloon, with a gross floor area of approximately 54,000 square feet, is in progress. During the Period, the pre-sale of its units was launched and received encouraging responses, with 96% of the total units pre-sold within one week. The contracted sales proceeds will be fully recognised in the financial year 2018/19, as the project is expected to be completed in mid-2018.

### *Other future projects*

Another prime residential site with a sea view, at **Tuen Mun Town Lot No. 490, Tai Lam**, Tuen Mun, with a gross floor area of approximately 29,000 square feet, will be developed into a luxurious low-rise development, comprising detached houses and apartments. It is expected to be completed in mid-2018. This project, as well as the previously mentioned residential project at **Siu Lam**, will be well served by a superb transportation network of Hong Kong–Shenzhen Western Corridor as well as the future Tuen Mun–Chek Lap Kok Link and Hong Kong–Zhuhai–Macau Bridge. The projects are also close to Harrow International School Hong Kong, the Hong Kong branch of the prestigious, UK-based Harrow School.

In collaboration with two partners, a signature luxury residential project at **Rural Building Lot No. 1198, Shouson Hill**, Hong Kong, with a gross floor area of approximately 88,000 square feet, will be developed into 15 low-density luxury houses, with comprehensive auxiliary facilities. This development opportunity is especially precious as it is in a traditional luxury residential area. It is expected to be completed in late-2019. Another site, at **Nos. 8-10A Mosque Street, Mid-Levels**, will be redeveloped into a luxury residential tower with a gross floor area of approximately 34,000 square feet in 2019. This development is located in a popular residential area in close proximity to Central-Mid-Levels Escalator with convenient access to Central commercial district area, as well as a well sought-after school district. In line with our strategic focus on quality residential properties in Hong Kong Island and core strength on value creation exercises, these two projects will enable the Group to optimise the land bank portfolio, with better capital appreciation in future.

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

Dedicated to the Group's ongoing efforts on developing hospitality services, **Emperor Hotels Group** has been established to cover several hotels and serviced apartments in Hong Kong and Macau. In Hong Kong, it covers **Emperor (Happy Valley) Hotel, Inn Hotel Hong Kong, MORI MORI Serviced Apartments**, and two new development projects in Wanchai and Happy Valley. In Macau, it covers **Grand Emperor Hotel** and **Inn Hotel Macau**, where income from hospitality and gaming has been consolidated with the Group.

#### *Projects to be launched soon*

Located at **No. 373 Queen's Road East**, Wan Chai, the new hotel will commence operations in December 2017. With a gross floor area of approximately 115,000 square feet, this 29-storey hotel is named as "**The Emperor Hotel**", offering 300 guest rooms together with leisure, dining and parking facilities. It is a signature hotel project under **Emperor Hotels Group**, which can further enhance brand recognition in the hospitality segment.

Meanwhile, construction work at **Nos. 17-19 Yik Yam Street**, Happy Valley, will be completed in the first quarter of 2018. It will be developed into a 21-storey (including 2-storey retail/commercial complex) serviced apartment block with 68 units. The area is vibrant, conveniently located near Hong Kong's commercial districts, and affords easy access to the Hong Kong Jockey Club and Hong Kong Stadium for international sports events, and Hong Kong Sanatorium & Hospital for medical check-ups, helping to ensure solid short-term leasing demand.

## OUTLOOK

The Group adopts a pro-active approach to establishing an investment property portfolio that is resilient to unanticipated crises, by optimising the balance between retail and non-retail premises. Underpinned by positive consumption sentiment and gradual recoveries in Hong Kong's tourism and retail industries, leasing demand for retail premises is set to improve. Meanwhile, there is still robust demand from Chinese corporations for office premises in central business districts, as they are keen to expand their presence in Hong Kong. The Group will continue to source quality and upscale investment properties with good potential – not just in Hong Kong, but also in other areas of Greater China and in major cities worldwide, to enhance its investment property portfolio and lay a solid foundation for expanding recurrent rental income in the long-run. The Group expects that the contribution from new additions including *Emperor Group Centre* in Beijing, *Emperor Nam Van Centre* in Macau and *Ampersand Building* in London, will generate significant additional rental income in the financial year of 2017/18.

The primary residential market in Hong Kong is being supported by strong end-user demand, as evidenced by overwhelming responses to the new launches by developers. It is anticipated that homebuyer confidence will be sustained on the back of a healthy labour market, rising incomes and a relatively low interest rate environment. Being an experienced property developer in Hong Kong, the Group will strive to deploy capital and strategic resources to capitalise value creation opportunities through residential redevelopment projects. The Group will closely monitor market developments and changes in governmental policies and, when necessary, will respond by adjusting its business strategies to deliver a solid operational performance.

A combination of Chinese consumers' rising confidence, their growing wealth and strengthening labour markets, has resulted in improving inbound tourism to Hong Kong. The Group is optimistic regarding prospects for growth prospects of the tourism and hospitality industry in Hong Kong. The undertaking of new hotel and serviced apartment projects is a solid testament to the Group's commitment to maintaining its position in the local hospitality sector.

## EMPLOYEES AND REMUNERATION POLICY

During the Period, the total cost incurred for staff, including Directors' emoluments, was HK\$320.4 million (2016: HK\$315.2 million). The number of staff was 1,745 as at 30 September 2017 (2016: 1,753). Each employee's remuneration was determined in accordance with the individual's responsibility, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to staff, the Company has adopted a share option scheme on 15 August 2013 (the “Share Option Scheme”). Particulars of the Share Option Scheme are set out in the section headed “Share Options” of the Company’s interim report.

## **ASSETS PLEDGED**

As at 30 September 2017, assets with carrying value of HK\$44,280.1 million (31 March 2017: HK\$41,129.6 million) were pledged as security for banking facilities.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK\$0.047 per share (“Interim Dividend”) (2016: HK\$0.045 per share) amounting to approximately HK\$172.8 million (2016: HK\$165.5 million). The Interim Dividend will be payable on 21 December 2017 (Thursday) to shareholders whose names appear on the register of members of the Company on 15 December 2017 (Friday).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 14 December 2017 (Thursday) to 15 December 2017 (Friday), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 13 December 2017 (Wednesday).

## **REVIEW OF INTERIM RESULTS**

The condensed consolidated financial statements of the Group have not been audited or reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

## **CORPORATE GOVERNANCE**

### **Corporate Governance Code**

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

### **Model Code for Securities Transactions**

The Company has adopted its own code of conduct regarding securities transactions by Directors (“EIHL Securities Code”) on no less exacting terms than the required standards as set out in Appendix 10 of the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”). 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 and EIHL Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted during 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 websites of Stock Exchange's website at <http://www.hkexnews.hk> and the Company at <http://www.EmperorInt.com>. The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

By order of the Board  
**Emperor International Holdings Limited**  
**Luk Siu Man, Semon**  
*Chairperson*

Hong Kong, 22 November 2017

As at the date hereof, the Board comprises:

<i>Non-executive Director:</i>	Ms. Luk Siu Man, Semon
<i>Executive Directors:</i>	Mr. Wong Chi Fai Ms. Fan Man Seung, Vanessa Mr. Cheung Ping Keung
<i>Independent Non-executive Directors:</i>	Ms. Cheng Ka Yu Mr. Wong Tak Ming, Gary Mr. Chan Hon Piu