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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	For the year ended 31 March		Changes
	2018	2017	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Total revenue	3,148,894	4,068,467	– 22.6%
– Investment properties for rental income	1,154,572	857,427	+ 34.7%
– Property development for sale	395,180	1,515,745	– 73.9%
– Hotel operations and related services	1,599,142	1,695,295	– 5.7%
Gross profit	2,302,452	2,844,405	– 19.1%
Fair value gain on investment properties	2,868,417	3,228,003	– 11.1%
Profit attributable to the owners of the Company			
– Underlying ¹	617,737	914,836	– 32.5%
– Reported	3,371,517	3,483,150	– 3.2%
Basic earnings per share	HK\$0.92	HK\$0.95	– 3.2%
Total dividends per share	HK\$0.108	HK\$0.103	+ 4.9%

¹ 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 Annual Results Announcement

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) announces the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2018 (the “Year”) together with the comparative figures for the corresponding year in 2017 as set out below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Revenue	3	3,148,894	4,068,467
Cost of properties sales		(110,323)	(535,970)
Cost of hotel and hotel related operations		(617,242)	(624,602)
Direct operating expenses in respect of leasing of investment properties		<u>(118,877)</u>	<u>(63,490)</u>
Gross profit		2,302,452	2,844,405
Other income		100,665	133,404
Fair value changes of investment properties		2,868,417	3,228,003
Other gains and losses	4	116,193	(55,228)
Selling and marketing expenses		(396,988)	(609,152)
Administrative expenses		(522,944)	(457,928)
Finance costs		(632,549)	(435,639)
Share of result of an associate		(264)	–
Share of result of a joint venture		<u>(35)</u>	<u>(68)</u>
Profit before taxation	5	3,834,947	4,647,797
Taxation charge	6	<u>(212,909)</u>	<u>(956,997)</u>
Profit for the year		<u><u>3,622,038</u></u>	<u><u>3,690,800</u></u>
Profit for the year attributable to:			
Owners of the Company		3,371,517	3,483,150
Non-controlling interests		<u>250,521</u>	<u>207,650</u>
		<u><u>3,622,038</u></u>	<u><u>3,690,800</u></u>
Earnings per share	8		
Basic		<u><u>HK\$0.92</u></u>	<u><u>HK\$0.95</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	3,622,038	3,690,800
Other comprehensive income (expense)		
<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>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations:		
– subsidiaries	944,711	(263,923)
– associate	4,315	–
Fair value change on hedging instruments in cash flow hedge	(7,236)	–
Fair value change on available-for-sale investments	(1,390)	–
Release of exchange reserve upon disposal of a subsidiary	(964)	–
Other comprehensive income (expense) for the year	939,436	(237,083)
Total comprehensive income for the year	4,561,474	3,453,717
Total comprehensive income for the year attributable to:		
Owners of the Company	4,311,799	3,229,422
Non-controlling interests	249,675	224,295
	4,561,474	3,453,717

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	<i>Notes</i>	2018 HK\$'000	2017 <i>HK\$'000</i>
Non-current assets			
Investment properties		49,154,763	40,808,858
Property, plant and equipment		3,966,945	3,572,531
Deposits paid for acquisition of investment properties/property, plant and equipment		76,703	603,034
Receivables related to a development project		185,328	167,262
Prepaid lease payments		529,423	547,255
Available-for-sale investments		262,965	–
Interest in an associate		142,416	–
Interest in a joint venture	9	651,720	630,187
Goodwill		56,683	56,683
Other assets		4,092	4,092
Pledged bank deposits		31,035	30,508
Derivative financial instruments		16,126	–
		55,078,199	46,420,410
Current assets			
Inventories		14,995	14,153
Properties held for sale	10	73,848	184,127
Properties under development for sale		3,443,731	1,719,141
Prepaid lease payments		17,832	17,832
Trade and other receivables	11	1,551,271	728,497
Available-for-sale investments		160,109	–
Taxation recoverable		9,667	43,307
Deposit in designated bank account for development properties		10,276	9,182
Pledged bank deposits		334	329
Short-term bank deposits		475,516	2,822
Bank balances and cash		3,374,884	6,620,318
		9,132,463	9,339,708
Assets classified as held for sale		43,172	–
Total current assets		9,175,635	9,339,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	12	1,931,585	1,221,694
Amounts due to related companies		399,318	465,878
Amounts due to non-controlling interests of subsidiaries		107,600	120,800
Taxation payable		453,852	478,695
Unsecured notes – due within one year		862,989	1,645,919
Bank borrowings – due within one year		4,505,683	3,545,334
		<u>8,261,027</u>	<u>7,478,320</u>
Liabilities associated with assets classified as held for sale		86,665	–
Total current liabilities		<u>8,347,692</u>	<u>7,478,320</u>
Net current assets		<u>827,943</u>	<u>1,861,388</u>
Total assets less current liabilities		<u>55,906,142</u>	<u>48,281,798</u>
Non-current liabilities			
Amounts due to related companies		2,304,908	1,522,755
Unsecured notes – due after one year		5,913,099	7,122,121
Bank borrowings – due after one year		12,685,429	9,009,674
Deferred taxation		2,244,126	1,911,415
		<u>23,147,562</u>	<u>19,565,965</u>
		<u>32,758,580</u>	<u>28,715,833</u>
Capital and reserves			
Share capital		36,775	36,775
Reserves		29,418,598	25,509,755
Equity attributable to owners of the Company		29,455,373	25,546,530
Non-controlling interests		3,303,207	3,169,303
		<u>32,758,580</u>	<u>28,715,833</u>

NOTES:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, available-for-sale (“AFS”) investments and certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Save as described below and in note 2, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended 31 March 2017.

Financial instruments

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Debt securities held by the Group that are classified as AFS financial assets are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS debt instruments relating to interest income calculated using the effective interest method, and changes in foreign exchange rates, if applicable are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

2. APPLICATION OF NEW AND REVISED HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

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

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Except for the above, the HKICPA has issued a number of new and revised HKFRSs which are not effective for the Year and have not been early adopted by the Group.

3. SEGMENT INFORMATION

The Group's operating and reportable segments are lease of properties, properties development and hotel and hotel related operations for the purpose of resource allocation and assessment of performance.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive directors of the Company (the "Executive Directors"), the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

Principal activities of the operating and reportable segments are as follows:

Lease of properties	–	Completed investment properties held for rental purpose
Properties development	–	Properties development and redevelopment for sale purpose
Hotel and hotel related operations	–	Hotel and hotel related operations in Hong Kong and Macau, including operations of mass market, VIP room and slot machine operations and provision of gaming-related marketing and public relation services for Grand Emperor Hotel in Macau

The Executive Directors review the hotel and hotel related operations in Macau along with that in Hong Kong and hence they are grouped and identified as a single operating segment – hotel and hotel related operations.

Information regarding the above segments is reported below:

Business segments

For the year ended 31 March 2018	Lease of properties HK\$'000	Properties development HK\$'000	Hotel and hotel related operations HK\$'000	Total HK\$'000
<i>Segment revenue and results</i>				
Segment revenue – from external customers	<u>1,154,572</u>	<u>395,180</u>	<u>1,599,142</u>	<u>3,148,894</u>
Segment results	<u>3,878,054</u>	<u>275,559</u>	<u>301,577</u>	4,455,190
Interest income				57,549
Gain on disposal of a subsidiary				79,061
Corporate expenses, net				(124,005)
Finance costs				(632,549)
Share of result of an associate				(264)
Share of result of a joint venture				(35)
Profit before taxation				3,834,947
Taxation charge				(212,909)
Profit for the year				<u>3,622,038</u>

Other information

Amounts included in the measure of segment results:

Allowance for doubtful debts	26	–	–	26
Depreciation of property, plant and equipment	–	6,372	145,474	151,846
Release of prepaid lease payments	–	–	17,832	17,832
Fair value gain on investment properties	2,868,417	–	–	2,868,417
Impairment loss on property, plant and equipment	–	–	75,825	75,825
Reversal of write-downs of properties under development for sale	–	45,722	–	45,722

Amounts regularly provided to the Executive Directors but not included in the measure of segment results (included in corporate expenses, net):

	HK\$'000
Depreciation of property, plant and equipment, at corporate level	35,593

	Lease of properties <i>HK\$'000</i>	Properties development <i>HK\$'000</i>	Hotel and hotel related operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2017				
<i>Segment revenue and results</i>				
Segment revenue – from external customers	<u>857,427</u>	<u>1,515,745</u>	<u>1,695,295</u>	<u>4,068,467</u>
Segment results	<u>3,981,142</u>	<u>928,101</u>	<u>402,030</u>	5,311,273
Interest income				49,287
Corporate expenses, net				(269,021)
Net loss on fair value changes in derivative financial instruments				(8,035)
Finance costs				(435,639)
Share of result of a joint venture				(68)
Profit before taxation				4,647,797
Taxation charge				(956,997)
Profit for the year				<u>3,690,800</u>

Other information

Amounts included in the measure of segment results:

Allowance for doubtful debts	255	–	–	255
Depreciation of property, plant and equipment	–	955	148,708	149,663
Release of prepaid lease payments	–	–	17,629	17,629
Fair value gain on investment properties	3,228,003	–	–	3,228,003
Reversal of write-downs of properties under development for sale	–	132,884	–	132,884

Amounts regularly provided to the Executive Directors but not included in the measure of segment results (included in corporate expenses, net):

HK\$'000

Depreciation of property, plant and equipment, at corporate level 34,372

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the Executive Directors for review.

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC"), Macau and United Kingdom ("UK").

The Group's revenue from external customers and information about its non-current assets, other than receivables related to a development project, AFS investments, interest in an associate, interest in a joint venture, pledged bank deposits and derivative financial instruments by geographical location of the assets are detailed below:

	Revenue from customers		Non-current assets	
	For the year ended 31 March		As at 31 March	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	1,327,298	2,415,845	34,424,675	31,502,894
The PRC	224,741	5,600	10,973,380	9,113,122
Macau	1,521,413	1,629,972	4,709,875	4,408,055
UK	75,442	17,050	3,680,679	568,382
	<u>3,148,894</u>	<u>4,068,467</u>	<u>53,788,609</u>	<u>45,592,453</u>

Information about major customers

During the Year, revenue derived from one customer (2017: one) contributed over 10% of the total revenue of the Group's revenue amounted to HK\$1,256,266,000 (2017: HK\$1,365,716,000). The revenue is related to the hotel and hotel related operations.

4. OTHER GAINS AND LOSSES

	2018	2017
	HK\$'000	HK\$'000
Reversal of write-downs of properties under development for sale (Note a)	45,722	132,884
Net exchange gain (loss)	67,235	(167,177)
Gain on disposal of a subsidiary (Note 14)	79,061	–
Impairment loss on property, plant and equipment (Note b)	(75,825)	–
Net loss on fair value changes in derivative financial instruments	–	(8,035)
Loss arising from misappropriation of funds (Note c)	–	(12,900)
	<u>116,193</u>	<u>(55,228)</u>

Notes:

- (a) During the Year, 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\$45,722,000 (2017: HK\$132,884,000).
- (b) During the Year, impairment indicator of decline in asset's value due to business being suspended was noted in a subsidiary which is holding a hotel in Hong Kong. The Directors conducted an impairment assessment on the hotel's property, leasehold improvements and other assets by reviewing their recoverable amounts. An impairment loss of HK\$75,825,000 in respect of property, plant and equipment as at 31 March 2018 had been recognised.
- (c) During the year ended 31 March 2017, 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 was sentenced to imprisonment.

The loss arising from the Misappropriation of Funds amounted to HK\$12,900,000 net of HK\$100,000 returned by the ex-senior casino cashier, which was charged to the consolidated statement of profit or loss and other comprehensive income in the prior year. Chips on hand under note 11 "Trade and other receivables" were also adjusted downward by the same amount to reflect such loss for that year.

5. PROFIT BEFORE TAXATION

	2018	2017
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	187,439	184,035
Release of prepaid lease payments	17,832	17,629
and after crediting:		
Interest income from AFS investments	<u>2,840</u>	<u>–</u>

6. TAXATION CHARGE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Taxation charge comprises:		
Current tax		
Hong Kong Profits Tax	83,197	171,058
Macau Complementary Tax (“CT”)	50,082	53,942
The PRC Enterprise Income Tax	4,988	–
The PRC Capital Gains Tax	3,004	–
UK Income Tax	2,104	448
	<u>143,375</u>	<u>225,448</u>
Reversal of CT provision in prior years	<u>(96,178)</u>	<u>(70,974)</u>
Underprovision in prior years		
CT	714	4
Hong Kong Profits Tax	856	1,431
	<u>1,570</u>	<u>1,435</u>
Deferred taxation	<u>164,142</u>	<u>801,088</u>
	<u>212,909</u>	<u>956,997</u>

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

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

Pursuant to the CT Law, the CT assessment on the estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment. At the end of the reporting period, the Directors reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$96,178,000 for the 2012 year of assessment (2017: HK\$70,974,000 for the 2011 year of assessment) accordingly.

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% for both years.

The PRC Capital Gains Tax is calculated at the rate prevailing in the relevant jurisdiction during the Year.

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

7. DIVIDENDS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid in respect of 2017: HK\$0.058 per share (2017: HK\$0.055 per share in respect of 2016)	213,298	202,266
Interim dividend paid in respect of 2018: HK\$0.047 per share (2017: HK\$0.045 per share in respect of 2017)	<u>172,845</u>	<u>165,489</u>
	<u>386,143</u>	<u>367,755</u>

The final dividend of HK\$0.061 per share in respect of the year ended 31 March 2018 (2017: final dividend of HK\$0.058 per share) amounting to approximately HK\$224,330,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Earnings (profit for the year attributable to owners of the Company) for the purpose of basic earnings per share	<u>3,371,517</u>	<u>3,483,150</u>
	2018	2017
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	<u>3,677,545,667</u>	<u>3,677,545,667</u>

Diluted earnings per share is not presented as there were no dilutive potential ordinary share for both years.

9. 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 31 March 2018, the Group has given a corporate guarantee of HK\$941,600,000 (2017: HK\$941,600,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$584,000,000 (2017: HK\$556,000,000) has been utilised. In the opinion of the Directors, the fair value of the guarantee is not significant.

10. PROPERTIES HELD FOR SALE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	73,356	183,679
The PRC	492	448
	<u>73,848</u>	<u>184,127</u>

11. TRADE AND OTHER RECEIVABLES

An analysis of trade and other receivables is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	129,819	160,832
Chips on hand	151,712	121,245
Other receivables	514,476	239,008
Deposits and prepayments	755,264	207,412
	<u>1,551,271</u>	<u>728,497</u>

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 30 days	107,600	138,483
31 – 90 days	5,371	4,545
91 – 180 days	2,504	3,293
Over 180 days	14,344	14,511
	<u>129,819</u>	<u>160,832</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 for 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.

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.

The carrying amount of trade receivables in respect of hotel and hotel related operations does not have any debtors which were past due at the end of the reporting period for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK\$16,848,000 (2017: HK\$17,804,000) that would otherwise have been past due or impaired had the terms not been renegotiated.

Included in the trade receivable balances in respect of other operations are debtors with carrying amounts of HK\$7,772,000 (2017: HK\$9,642,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

Included in other receivables are amounts due from related companies of HK\$42,854,000 (2017: HK\$38,304,000). These related companies are indirectly controlled by Albert Yeung Holdings Limited which is held by STC International Limited being the trustee of The Albert Yeung Discretionary Trust (the "AY Trust") (Dr. Yeung Sau Shing, Albert is the founder of the AY Trust and a deemed substantial shareholder of the Company). The amounts are unsecured, interest-free and repayable within one year.

As at 31 March 2018, included in other receivables are deposits received for sales of the Group's properties of HK\$145,109,000 (2017: Nil) under the custody of the independent lawyers on behalf of the Group.

As at 31 March 2018, included in deposits and prepayments are refundable stamp duties in respect of redevelopment projects of HK\$400,542,000 (2017: HK\$64,484,000).

12. 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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 – 90 days	36,798	19,408
91 – 180 days	62	236
Over 180 days	41	16
	<u>36,901</u>	19,660
Amount due to a shareholder of an associate (<i>Note</i>)	49,222	–
Construction payables and accruals	581,687	663,656
Deposits received for sales of properties	463,402	–
Other payables and accruals	280,321	269,718
Payables for acquisition of AFS investments	156,741	–
Rental deposits received	363,311	268,660
	<u>1,931,585</u>	<u>1,221,694</u>

Note: The amount due to a shareholder of an associate is unsecured, repayable on demand and carries interest at 4.51% per annum.

13. ACQUISITIONS

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

- (a) In June 2017, the Group acquired property interests of 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.

14. GAIN ON DISPOSAL OF A SUBSIDIARY

During the Year, the Group entered into a sales and purchase agreement to dispose 50% equity interests in 新會鴻盛地產發展有限公司 (for identification purpose only, Xinhui Hongsheng Property Development Company Limited) (“Xinhui Hongsheng”), an indirect wholly owned subsidiary of the Company engaged in property development, to an independent third party for a total consideration of RMB35,000,000 (equivalent to approximately HK\$41,326,000). The disposal was completed on 18 December 2017 with a gain of RMB66,141,000 (equivalent to approximately HK\$79,061,000), and Xinhui Hongsheng became an associate of the Company upon the completion of the disposal.

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. The Group has a tri-engine business model – owning many investment properties in prime locations that generate stable and recurrent income; operating many property development projects for earnings visibility; and developing hospitality services with strong recurrent cash flow.

MARKET REVIEW

Under the central government's One Belt and One Road Initiative, mainland China companies continued to march into Hong Kong's top-grade office space. During the Year, the office leasing market in the central business districts remained active, driven by shortage of supply and demand from mainland China corporations seeking to expand their presence in Hong Kong. Strong leasing momentum contributed modest growth in office rents. According to Jones Lang LaSalle, the cost of renting Hong Kong's commercial space was still the highest in the world in the fourth quarter of 2017.

With some international brands scaling back their footprint in the high street, retail rents in Hong Kong remained under pressure in the first half of the Year. However, attributable to uptick in visitor arrivals and positive consumption sentiment, the retail market has staged a strong recovery since the second half. As a result of these visible improvements, rent levels in prime streets have generally flattened out since early-2018.

Hong Kong home prices extended their record-breaking run throughout the Year. According to data from the Ratings & Valuation Department, residential property prices in Hong Kong recorded an overall increase of 14.8% in 2017. The presale of new residential projects have also been well received. The solid end-user demand has been propelled by a combination of suppressed interest rates, housing shortage and economic stability. The property market was further accelerated by higher-than-expected land prices and bullish stock market performance.

FINANCIAL REVIEW

Overall Review

During the Year, the Group's total revenue was HK\$3,148.9 million (2017: HK\$4,068.5 million). Rental income from the Group's investment properties portfolio grew by 34.7% to HK\$1,154.6 million (2017: HK\$857.4 million), representing 36.7% (2017: 21.1%) of total revenue. The increase in rental income was largely driven by an expanded portfolio of properties such as *Emperor Group Centre* in Beijing. As for property development for sale, the remaining units of *Upton* and *The Java* were fully sold and generated a revenue of HK\$395.2 million (2017: HK\$1,515.7 million). Although the presale of *The Amused* was launched, the sales proceeds had not been recognised as revenue during the Year. Revenue from the hospitality segment slightly declined to HK\$1,599.1 million (2017: HK\$1,695.3 million), accounting for 50.8% (2017: 41.7%) of the total revenue.

Gross profit was HK\$2,302.5 million (2017: HK\$2,844.4 million). A revaluation gain on investment properties amounted to HK\$2,868.4 million (2017: HK\$3,228.0 million). The profit for the year attributable to the owners of the Company was HK\$3,371.5 million (2017: HK\$3,483.2 million).

Basic earnings per share was HK\$0.92 (2017: HK\$0.95). The Board recommended the payment of a final dividend of HK\$0.061 (2017: HK\$0.058) per share. Together with the interim dividend of HK\$0.047 (2017: HK\$0.045) per share, the total dividends for the Year are HK\$0.108 (2017: HK\$0.103) per share.

Liquidity And Financial Resources

As at 31 March 2018, the Group's net asset value and net asset value per share amounted to HK\$29,455.4 million (2017: HK\$25,546.5 million) and HK\$8.01 (2017: HK\$6.95) per share, respectively.

The Group had cash, bank balances and bank deposits amounting to HK\$3,850.4 million as at 31 March 2018 (2017: HK\$6,623.1 million). The total external borrowings (excluding payables) amounted to approximately HK\$26,779.0 million (2017: HK\$23,432.5 million) and the Group's net gearing ratio was 35.7% (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 operations. The Group's bank borrowings were denominated in Hong Kong dollars and Renminbi ("RMB") and Pounds Sterling ("GBP"), 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 and Macau Patacas ("MOP") and GBP. The Group is exposed to certain foreign exchange risk caused by fluctuation in RMB and GBP exchange rates. The Group closely monitors its overall foreign exchange exposure by adopting appropriate measures to mitigate currency risks, such as cross-currency rate swap contracts for 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 strived 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 over 96.0% as at 31 March 2018.

New additional complexes during the Year

– Mainland China

Located in Chang'an Avenue East, Beijing, ***Emperor Group Centre*** 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. Majority of office and retail spaces are occupied by various tenants including a financial institution, a retail and commercial bank, luxury watch and jewellery retailers, a high fashion designer brand, a fitness centre, and several fine-dining and catering operators. During the Year, the Group hosted a series of marketing and communication events with prominent tenants, which gained offline and even online exposure through collation 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.

- *Macau*
With a gross floor area of approximately 30,000 square feet, **Emperor Nam Van Centre** is a multi-storey premium retail complex with a blend of shopping and lifestyle offerings on the Macau Peninsula. During the Year, some tenants such as an international sports brand and a luxury watch and jewellery retailer have moved in for their shop layout design and interior refurbishment work.

- *London*
During the Year, 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 represented 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.

- *Hong Kong*
During the Year, 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 the local retail market is supported by a high income group.

Portfolio of mature projects

- *Hong Kong – Retail Premises*
The Group owns many premium investment properties, with a strong focus on street level retail space in Hong Kong's main shopping districts. Key investment properties include the retail shops 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; Nos. 25-29** and **Nos. 43-49A Hankow Road** in Tsim Sha Tsui; **The Pulse** in Repulse Bay and **Fitfort Shopping Arcade** in North Point.

– *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** and **China Huarong Tower** in Wan Chai; **Emperor Commercial Centre** in Central; a complex at **Nos. 45-51 Kwok Shui Road** in Kwai Chung; **New Media Tower** in Kwun Tong; **Level 3, New Town Mansion Shopping Arcade** and **Ulferts Centre** in Tuen Mun; and **commercial and car park complexes at Sui Wo Court** in Sha Tin.

Located at **No. 4 Kin Fat Lane** in Tuen Mun, **Ulferts Centre** is currently a 14-storey industrial building for godown purpose with a gross floor area of over 178,000 square feet. An application was submitted and approved 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 2020.

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 complimentary 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*

Apart from the **Ampersand Building** which is mentioned as above, the Group owns a 7-storey (including basement) retail and office complex at **Nos. 181-183 on Oxford Street**. All of these premises are located at the prominent shopping hub in London, which is a popular tourist spot for international visitors.

Future projects

– *Hong Kong*

The Group continually strives to upgrade the quality and maximise the potential rental income of its premises by undertaking various transformation and refurbishing programmes. For the redevelopment of **Nos. 75-85 Lockhart Road**, two adjacent buildings were demolished. The site will be redeveloped into a prime office building with a gross floor area of 96,000 square feet. The project is scheduled for completion during 2020. The redevelopment is set to reinvigorate the site through creating 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.

– *London*

The site at **Nos. 25-27 on Oxford Street** will be redeveloped into a composite retail/office building with a gross floor area of approximately 20,000 square feet for long-term investment purpose. Such redevelopment is expected to be completed in 2019.

– *Mainland China*

In Yuyuan, Huangpu District, Shanghai, **Emperor Star City** will be developed into a shopping arcade and hotel or serviced apartment complex, at a prime site adjacent to the Shanghai M10 subway route. Foundation and basement excavation work for the development has been completed. With an expected gross floor area of approximately 1,300,000 square feet, the complex will include a multi-storey shopping arcade as its major component.

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 has been established, which will provide medium-term contributions to the sale of residential units, for earnings visibility.

Projects to be launched soon

The completed units of the luxurious low-rise development with 14 low-rise detached or semi-detached houses at **Kwun Fat Street, Siu Lam**, Tuen Mun, will be launched to the market in the second half of 2018. With a gross floor area of approximately 39,000 square feet, it is well served by a superb transportation network comprising Hong Kong–Shenzhen Western Corridor as well as the future Tuen Mun–Chek Lap Kok Link and Hong Kong–Zhuhai–Macau Bridge.

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. Adjacent to Soho area and Lan Kwai Fong, it is in close proximity to Central-Mid-Levels Escalator, with convenient access to Central commercial district area. It is also located at a traditional luxury residential area on Hong Kong Island, which is in line with the Group’s strategic focus. Its presale is expected to be launched in the second half of 2018, and the target for completion is late-2019.

The presale of ***The Amused***, an urban redevelopment project to create a 26-storey composite residential/retail tower offering 136 units in Shum Shui Po, Kowloon, with a gross floor area of approximately 54,000 square feet, was launched during the Year. The sales contracts of all the units were committed as of 31 March 2018. Such redevelopment is expected to be completed in late-2018. The contracted sales proceeds will be fully recognised as revenue in the financial year 2018/19.

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-2019. This project, as well as the residential project at ***Siu Lam***, 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 project is expected to be completed in 2019. Leveraging the unique location, this project 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 ***The Emperor Hotel, Inn Hotel Hong Kong, MORI MORI Serviced Apartments*** and ***The Unit Serviced Apartments***. In Macau, it covers ***Grand Emperor Hotel*** and ***Inn Hotel Macau***, where income from hospitality and gaming has been consolidated with the Group.

Newly launched hotel and serviced apartment during the Year

The Emperor Hotel, a 29-storey hotel in Wan Chai, was commenced during the Year. With a gross floor area of approximately 115,000 square feet, it offers 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.

The Unit Serviced Apartments, a 21-storey, 68-unit block in Happy Valley, became operational during the Year. The area is vibrant, conveniently located near Hong Kong's commercial districts, and affords easy access to 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.

Existing portfolio

In Yau Ma Tei, Kowloon, ***Inn Hotel Hong Kong*** is a 30-storey hotel offering 200 guest rooms, with a gross floor area of approximately 48,000 square feet. With easy access to established shopping areas and Ladies' Market in Mong Kok, as well as Jade Market in Yau Ma Tei, it is conveniently located in a major entertainment, shopping and dining district, ensuring guests will truly experience Hong Kong as a vibrant and fascinating city.

Situated at the vibrant junction of Wanchai and Causeway Bay, ***MORI MORI Serviced Apartments*** provides 18 stylish serviced apartments for expats, MICE visitors, business travellers and overseas professionals, on short- and long-term leases. With state-of-the art facilities and professional customer services, ***MORI MORI Serviced Apartments*** redefines the contemporary way of life.

Grand Emperor Hotel is another of the Group's flagship projects, located on the Macau Peninsula. With a gross floor area of approximately 655,000 square feet, it is a 26-storey hotel with 307 exquisite guest rooms, fine dining restaurants and bars, as well as gaming facilities. It has won an array of prestigious industry awards.

Inn Hotel Macau is a 17-storey hotel with a gross floor area of approximately 209,000 square feet, and 287 guest rooms. ***Inn Hotel Macau*** creates a comfortable experience, catering to the lifestyles of both leisure and business travellers. Through extending coverage from the Peninsula to Taipa, it enables the Group to fully capture the potential of Macau's hospitality market.

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 latest additions including ***Emperor Group Centre*** in Beijing and ***Emperor Nam Van Centre*** in Macau, as well as future redevelopment project at ***Nos. 75-85 Lockhart Road***, Wanchai, will generate significant rental income in the next financial years.

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. Following the official launch and handover of the residential project in *Siu Lam* and *The Amused*, their aggregate sales proceeds are expected to be reflected in the earnings of financial year 2018/19. 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 towards the 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.

Despite the global uncertainties, the Group will continue prudently managing its core businesses, to achieve stable growth and sustain profitability. With its management execution strength and market insight, the Group will strive to further enhance its competitive position, and aim to become a key property player in the Greater China region.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff, including Directors' emoluments, was HK\$709.6 million during the Year (2017: HK\$650.1 million). The number of staff was 1,748 as at 31 March 2018 (2017: 1,750). 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, particulars of which will be set out in the section headed "Share Options" of the Company's annual report.

ASSETS PLEDGED

As at 31 March 2018, assets with carrying value of HK\$47,863.6 million (2017: HK\$41,129.6 million) were pledged as security for banking facilities.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK\$0.061 (2017:HK\$0.058) per share (“Final Dividend”) for the Year, amounting to approximately HK\$224.3 million (2017: HK\$213.3 million), subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on 9 August 2018 (Thursday). If being approved, the Final Dividend will be paid on 7 September 2018 (Friday) to shareholders whose names appear on the register of members of the Company on 17 August 2018 (Friday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 3 August 2018 (Friday)
AGM	9 August 2018 (Thursday)

For ascertaining shareholders’ entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 15 August 2018 (Wednesday)
Book close dates	16 and 17 August 2018 (Thursday and Friday)
Record date	17 August 2018 (Friday)
Final Dividend payment date	7 September 2018 (Friday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers 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 before the above respective latest time.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises the three independent non-executive directors of the Company, had reviewed the audited consolidated financial statements for the Year in conjunction with the Group's auditor, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2018 and annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied throughout the Year with all the provisions of 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 set out in Appendix 10 of the Listing Rules – Model Code for Securities Transactions by Directors of Listed Issuers (the "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 the EIHL Securities Code throughout the Year.

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 throughout the Year.

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 Year.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.EmperorInt.com>). The annual 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, 20 June 2018

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 Mr. Yeung Ching Loong, Alexander
<i>Independent Non-executive Directors:</i>	Ms. Cheng Ka Yu Mr. Wong Tak Ming, Gary Mr. Chan Hon Piu