



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

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2007

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) is pleased to announce that the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th September, 2007 (the “Period”) together with comparative figures for the corresponding period in 2006 are set out below.

The condensed consolidated financial statements of the Group have not been audited nor reviewed by the Company’s auditors, Deloitte Touche Tohmatsu, but have been reviewed by the audit committee of the Company, which comprises the three independent non-executive directors of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th September,	
		2007 (unaudited) HK\$'000	2006 (unaudited and restated) HK\$'000
	Notes		
<i>Continuing operations:</i>			
Turnover		135,915	139,827
Cost of sales		(11,773)	(5,478)
Direct operating expenses		(18,847)	(26,743)
Gross profit		105,295	107,606
Other operating income – net		9,721	6,183
Selling and marketing expenses		(4,164)	(2,099)
Administrative expenses		(48,437)	(36,937)
Change in fair values of investment properties		501,793	96,361
Gain on disposal of investment properties		18,454	–
Impairment loss (recognised) reversed in respect of properties under development		(4,323)	48,060
Impairment loss reversed in respect of properties held for sale		3,839	–
Impairment loss recognised in respect of motor vehicle registration mark		(600)	–
Profit from operations	4	581,578	219,174
Finance costs		(70,950)	(50,082)
Share of associates' results after taxation		51,343	38,361
Profit before taxation		561,971	207,453
Taxation	5	(76,964)	(22,650)
Profit from continuing operations		485,007	184,803
<i>Discontinued operation:</i>			
Profit from discontinued operation	6	1,664	20,591
Profit for the period		486,671	205,394
Profit attributable to:			
Equity holders of the Company		486,543	203,582
Minority interests		128	1,812
		486,671	205,394
<i>Continuing and discontinued operations:</i>			
Earnings per share – basic	7	HK\$0.31	HK\$0.15
Earnings per share – diluted	7	HK\$0.31	N/A
<i>Continuing operations:</i>			
Earnings per share – basic	7	HK\$0.31	HK\$0.14
Earnings per share – diluted	7	HK\$0.31	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	As at	
	30th September, 2007 (unaudited) HK\$'000	31st March, 2007 (audited) HK\$'000
Non-current assets		
Investment properties	5,202,613	3,996,002
Property, plant and equipment	243,330	227,512
Properties under development	523,635	441,748
Prepaid lease payments	733,658	741,875
Interests in associates	744,555	564,512
Amounts due from associates	–	38,717
Loans receivable	4,386	6,669
Intangible assets	–	771
Goodwill	1,708	1,940
Other assets	4,544	9,128
Deferred taxation assets	–	1,582
Deposits paid for acquisition of properties	20,738	46,675
	<u>7,479,167</u>	<u>6,077,131</u>
Current assets		
Inventories	1,192	1,196
Properties held for sale	32,124	38,111
Properties under/held for development	1,590,448	1,438,587
Prepaid lease payments	14,015	5,962
Debtors, deposits and prepayments	9 119,183	238,885
Taxation recoverable	2,581	2,587
Investments in trading securities	167	139
Pledged bank deposits	619,362	18,820
Bank balances – trust accounts	–	119,368
Bank balances (general accounts) and cash	70,300	130,739
	<u>2,449,372</u>	<u>1,994,394</u>
Current liabilities		
Creditors, customer deposits and accrued charges	10 308,505	471,579
Amount due to ultimate holding company	555,341	635,927
Amounts due to minority shareholders of subsidiaries	19,504	21,040
Taxation payable	1,479	1,087
Secured bank borrowings – due within one year	1,623,861	1,310,206
Dividend payable	106,515	–
	<u>2,615,205</u>	<u>2,439,839</u>
Net current liabilities	<u>(165,833)</u>	<u>(445,445)</u>
Total assets less current liabilities	<u>7,313,334</u>	<u>5,631,686</u>

	As at	
	30th September,	31st March,
	2007	2007
	(unaudited)	(audited)
	HK\$'000	HK\$'000
Non-current liabilities		
Secured bank borrowings – due after one year	1,442,054	769,975
Deferred taxation liabilities	269,233	195,451
	<u>1,711,287</u>	<u>965,426</u>
Net assets	<u>5,602,047</u>	<u>4,666,260</u>
Capital and reserves		
Share capital	17,752	14,132
Reserves	5,583,883	4,651,714
	<u>5,601,635</u>	<u>4,665,846</u>
Equity attributable to equity holders of the Company	5,601,635	4,665,846
Minority interests	412	414
	<u>412</u>	<u>414</u>
Total equity	<u>5,602,047</u>	<u>4,666,260</u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The 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”).

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim financial statements are consistent with those used in the annual financial statements for the year ended 31st March, 2007 apart from the adoption of certain new Hong Kong Financial Reporting Standards, amendments and interpretations (collectively the “New HKFRSs”), issued by HKICPA that are effective for accounting periods beginning on or after 1st May, 2006.

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

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

3. SEGMENT INFORMATION

For management purpose, the Group is currently organised into lease of properties, sales of properties, hotel operation and consultancy. These divisions are the basis on which the Group reports its primary segment information.

	Segment revenue		Segment results	
	Six months ended 30th September, 2007 (unaudited) HK\$'000		Six months ended 30th September, 2006 (unaudited) (unaudited and restated) HK\$'000	
Business segments				
<i>Continuing operations:</i>				
Lease of properties	93,946	81,616	601,539	208,483
Sales of properties	5,908	–	(2,000)	(537)
Hotel operation	34,186	32,106	3,015	2,886
Consultancy	1,845	25,957	150	23,562
Others	30	148	2,118	84
	135,915	139,827	604,822	234,478
<i>Discontinued operation:</i>				
Securities brokerage and financing	4,951	60,580	1,664	23,854
	140,866	200,407	606,486	258,332
Interest income			3,579	2,826
Corporate general and administrative expenses			(26,823)	(18,130)
Finance costs			(70,950)	(50,082)
Share of associates' results after taxation			51,343	38,361
Taxation			(76,964)	(25,913)
Profit for the period			486,671	205,394

4. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$12,385,000 (2006: HK\$11,546,000) in respect of the Group's property, plant and equipment and crediting dividend income from securities of approximately HK\$21,000 (2006: HK\$59,000).

5. TAXATION

	Six months ended 30th September,	
	2007	2006
	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000
The charge comprises:		
<i>Continuing operations:</i>		
Hong Kong Profits Tax	(1,420)	(1,783)
Deferred taxation	(75,544)	(20,867)
	<u>(76,964)</u>	<u>(22,650)</u>
<i>Discontinued operation:</i>		
Hong Kong Profits Tax	–	(3,263)
	<u>(76,964)</u>	<u>(25,913)</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods.

6. DISCONTINUED OPERATION

On 24th April, 2007, the Group discontinued its securities brokerage and financing business as a result of a spin-off by way of distribution and offered shares of Emperor Capital Group Limited for separate listing on the Stock Exchange.

Their operating results are as follows:

	Six months ended 30th September,	
	2007	2006
	(unaudited)	(unaudited and restated)
	HK\$'000	HK\$'000
Turnover	4,951	60,580
Expenses	(3,287)	(36,726)
	<u>1,664</u>	<u>23,854</u>
Operating results	1,664	23,854
Taxation	–	(3,263)
	<u>1,664</u>	<u>(3,263)</u>
Profit for the period	<u><u>1,664</u></u>	<u><u>20,591</u></u>

7. EARNINGS PER SHARE

Six months ended 30th September,	
2007	2006
(unaudited)	(unaudited)
HK\$'000	HK\$'000

The calculation of basic and diluted earnings per share is based on the following data:

Profit attributable to equity holders for the purpose of calculating basic and diluted earnings per share	486,543	203,582
	Number of shares	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	1,562,108,564	1,326,322,990
Effect of dilutive potential ordinary shares from share options	20,000,000	
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	1,582,108,564	

No diluted earnings per share for 2006 has been presented in respect of the Company's potential ordinary shares as the exercise price of these shares was higher than the average market price of the shares during 2006.

From continuing operations:

The calculation of basic and diluted earnings per share from continuing operations is based on the following data:

Profit attributable to equity holders for the purpose of calculating basic and diluted earnings per share	486,543	203,582
Less: Profit from discontinued operation	1,664	20,591
Profit for the purpose of basic and diluted earnings per share from continuing operations	484,879	182,991

From discontinued operation:

Basic earnings per share for discontinued operation for 2006 was HK\$0.01 per share, based on the profit from discontinued operation for 2006 of HK\$20,591,000.

8. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER /HELD FOR DEVELOPMENT

During the Period, the Group acquired investment properties, property, plant and equipment and properties under/held for development amounting to approximately HK\$819,818,000, HK\$27,655,000 and HK\$228,998,000 (2006: HK\$114,220,000, HK\$10,741,000 and HK\$1,397,165,000) respectively.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group grants credit periods ranging from 0 to 30 days to its customers.

Receivables from dealing in securities and futures contracts are settled in one or two days after trade date. Advances and share margin loans are repayable within one year and on demand respectively. No age analysis is disclosed of these receivables, advances and loans as, in the opinion of the directors, age analysis does not give relevant information in view of their nature.

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

	30th September, 2007 (unaudited) HK\$'000	31st March, 2007 (audited) HK\$'000
0-30 days	4,320	4,360
31-90 days	953	339
91-180 days	100	103
Over 180 days	160	121
	<u>5,533</u>	4,923
Receivables from dealing in securities and future contracts	–	104,103
Advances and share margin loans	–	80,622
Other receivables, deposits and prepayments	113,650	49,237
	<u>119,183</u>	<u>238,885</u>

10. CREDITORS, CUSTOMER DEPOSITS AND ACCRUED CHARGES

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

	30th September, 2007 (unaudited) HK\$'000	31st March, 2007 (audited) HK\$'000
0-90 days	11,440	16,919
91-180 days	27	–
Over 180 days	3,987	5,565
	<u>15,454</u>	22,484
Payables of dealing in securities and futures contracts	–	162,961
Other payables, deposits and accruals	293,051	286,134
	<u>308,505</u>	<u>471,579</u>

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.04 per share (“Dividend”) for the Period (2006: HK\$0.04), amounting to approximately HK\$71.0 million (2006: HK\$56.5 million). The Dividend will be paid on 25th January, 2008 (Friday) to shareholders whose names appear on Register of Members of the Company on 11th January, 2008 (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 Dividend, from 10th January, 2008 (Thursday) to 11th January, 2008 (Friday) (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 9th January, 2008 (Wednesday).

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Company has successfully spun off its investment brokerage and financing operation. The Group recorded revenue of approximately HK\$135.9 million from continuing operations, being property development and investment and hotel operation during the Period, compared to HK\$139.8 million for the corresponding period in 2006. Profit from continuing operations increased 162% to HK\$485.0 million (2006: HK\$184.8 million).

During the Period, the Group’s businesses benefited from a booming property market in Hong Kong with its investment properties recording substantial revaluation gains.

The Group also enjoyed contributions from associate company Emperor Entertainment Hotel Limited (“EEH”). The associate company contributed approximately HK\$40.5 million during the Period, 7% up from HK\$38.0 million previously, mainly from the Grand Emperor Hotel and the two self-managed VIP halls in the hotel in Macau.

OPERATION REVIEW

Property development and investment

Property development and investment is the Group’s core business, with rental income from investment properties being one of the Group’s main income contributors. Revenue from investment property leases rose 15% to approximately HK\$93.9 million, compared with HK\$81.6 million in 2006.

The Group’s investment property portfolio mainly consists of shops and offices in Hong Kong and Macau. A continuously improving economy and property market had resulted in satisfactory increment in rental rates and values of the properties. The Group maintained a high overall occupancy rate for its retail properties, which are mainly located at prime locations.

Taking benefit from the booming property market in Hong Kong, the Group recorded a revaluation gain of HK\$501.8 million (2006: HK\$96.4 million) from its investment properties, and gain on disposal of investment properties of approximately HK\$18.5 million (2006: Nil).

Land supply is limited and land acquisition costs are high while there is an increasing demand for new flats in Hong Kong. With the management's property expertise, the Group has been able to identify and acquire several urban sites, and thus expanding its land bank. The area of the sites range from approximately 4,000 to 10,000 square feet in size and are planned to be redeveloped into residential, composite complexes or hotel development, which are in growing demand and provide developers with lucrative returns.

The Group made positive and significant progress in its property development projects in Hong Kong as well as in mainland China. In Hong Kong, the Group has a multi-function beach-front leisure and recreation complex in Repulse Bay under construction. Curtain wall installation and building services installation are underway for the 166,800 square feet project. It is expected to generate long-term rental income for the Group and its completion is currently targeted to be in 2008.

In China, the Group has a commercial/residential composite development project underway in Xiamen. The Phase II development of Riverside Garden at Xiamen is expected to be completed in late 2008, with pre-sale of residential units commencing in the same year, riding on the continuous growth in the local property market.

The Group had an 88,420 square feet site along Chang'an Avenue East in Beijing, which was planned to be developed into a comprehensive commercial complex. The project is intended to provide a GFA of approximately 636,000 square feet, comprising a retail podium with high-end entertainment hot spots and a Grade-A office tower. Clearance work had commenced during the Period.

Hotel

The Emperor (Happy Valley) Hotel in Hong Kong had recorded a steady performance during the Period. Revenue – mainly came from the hotel's 150 guest rooms as well as food and beverage from the karaoke lounge and coffee shop – reached approximately HK\$34.2 million (2006: HK\$32.1 million).

The hotel has strived to enlarge its share in the corporate market. It maintained close contacts with Internet travel agents and corporate customers and actively participated in the bidding of trade show tenders. It had also been upgrading its in-room amenities. Daily room rate during the Period was approximately HK\$530 compared to HK\$480 in the corresponding period in 2006.

The hotel saw a revenue mix of corporate business and tour groups of 60: 40, against 40:60 previously. This revenue mix would render the revenue stream of the hotel more stable and balanced in the long run.

Spin-off of Brokerage and Financing Operations

As part of the Group's plan to redefine itself as a property player, the Group had spun off the brokerage and financing operations to Emperor Capital Group Limited ("ECG") which became separately listed on the main board of Hong Kong Stock Exchange on 24 April 2007. The shares of ECG were mainly distributed to shareholders of the Company by way of special dividend and subscribed by the Company's shareholders by a preferential offer. The spin-off was structured to unlock the value for the Company's shareholders and enable the brokerage and financing operations to grow as a separate listed entity.

Increase in shareholding of Associate Company

In August 2007, the Group had successfully increased its stake in EEH from 35% to approximately 41%, while EEH's effective interest in Grand Emperor Hotel and the two self-managed VIP halls in the hotel were lifted from 45% and 90% to 50% and 100% respectively. The restructuring helps to streamline the Group's holding structure and increase corporate transparency. The Group expects to receive substantial contribution from this gaming platform.

PROSPECTS

The Group has transformed into a property investor and developer following the spin-off of the brokerage and financing operations during the Period. In order to achieve higher yields from rental income, the Group will continue to improve the asset quality of its investment properties, by replacing non-core premises by properties that have a higher prospect for capital and rental gain, and by upgrading the quality of tenants as well as implementing value-added improvement schemes on its properties.

The Group has been looking for acquisition opportunities of good quality high-street shops and shopping malls at prime locations in light of an improving retail property market. The Group had expanded its investment property portfolio in Causeway Bay and Tsim Sha Tsui, the areas receiving the highest rent from retailers in Hong Kong.

Subsequent to the Period, the Group had entered into agreement to sell a piece of residential land in Mid-Levels, Hong Kong for HK\$1.468 billion in November 2007. The Group started acquisition of individual units in July 2006 and the purchase of the entire parcel was completed in September 2007. The Group was expected to mark a profit of HK\$575 million from the sales, which demonstrated the Group's strength in property investment and the continuous improvement of the Hong Kong property market.

With regard to property development, the Group has acquired several urban sites in Hong Kong to redevelop them into high-quality residential or commercial/residential projects. Those sites were bought at the lower range of average market prices, and have since appreciated in value. The Group expects to receive a capital gain should these sites be sold in the market.

In China, the Group is preparing for the pre-sale of residential units of its Xiamen development in 2008. It had also commenced in Beijing the clearance of existing structures and units for building of a Grade-A office tower.

Looking ahead, the management will continue to explore opportunities to expand its development portfolio in Hong Kong, Macau and Mainland China. It also expects to enjoy ongoing profit contributions from EEH as well as strong cash-flows through its dividends distribution.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30th September, 2007, the total external borrowings (excluding payables) amounted to approximately HK\$3,640.8 million and the Group maintained a debt to asset ratio of 37% (measured by total external borrowings as a percentage to the total asset value of the Group). In addition to its share capital and reserves, the Group made use of cash flow generated from operations, bank borrowings and unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were denominated in Hong Kong Dollars and Renminbi and their interest rates followed market rates. The Group's bank balances and cash were also denominated in Hong Kong dollars and Renminbi. Since Renminbi is relatively stable, the Group had no material exposure to fluctuations in exchange rates.

STAFF COSTS

The total cost incurred for staff including directors' emoluments amounted to HK\$46.2 million during the Period as compared with HK\$58.8 million in the last corresponding period. The decrease was due to the spin-off of the securities brokerage and financing business. The number of staff was approximately 350 as at the end of the Period.

ASSETS PLEDGED

Assets with carrying value of HK\$7,175.8 million were pledged as security for banking facilities.

CORPORATE GOVERNANCE

The Company had complied throughout the Period with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules except that the non-executive directors of the Company were not appointed for specific term, however, in accordance with the by-laws of the Company, one-third of the Directors for the time being shall retire from office by rotation (provided that every Director shall be subject to retirement at least once every three years) and be eligible for re-election at the annual general meeting of the Company. The Directors will continue to review and assess the effectiveness of the adopted practices.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

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

Hong Kong, 18th December, 2007

As at the date hereof, the Board of the Company comprises 1. Chairperson: Ms. Luk Siu Man, Semon, 2. Managing Directors: Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa; 3. Executive Directors: Mr. Cheung Ping Keung and Ms. Mok Fung Lin, Ivy; 4. Independent Non-Executive Directors: Mr. Wan Chi Keung, Aaron, Mr. Chan Man Hon, Eric (Chairman of the audit committee) and Mr. Liu Hing Hung.

** for identification purposes only*