



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 31ST MARCH, 2008**

RESULTS

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) is pleased to announce that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2008 (“Year”) together with comparative figures for the corresponding year in 2007 are set out below.

FINANCIAL HIGHLIGHTS (Unaudited)

Results

	Lease of properties		Sales of properties		Property development		Hotel operations		Discontinued and others operations		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>201,379</u>	<u>164,697</u>	<u>1,487,218</u>	<u>18,993</u>	<u>-</u>	<u>-</u>	<u>70,283</u>	<u>69,495</u>	<u>11,284</u>	<u>155,329</u>	<u>1,770,164</u>	<u>408,514</u>
Contribution	<u>184,568</u>	<u>146,307</u>	<u>600,000</u>	<u>67,157</u>	<u>(16,326)</u>	<u>(28,481)</u>	<u>9,037</u>	<u>8,261</u>	<u>3,388</u>	<u>62,460</u>	<u>780,667</u>	<u>255,704</u>
Revaluation	<u>743,945</u>	<u>259,018</u>	<u>4,112</u>	<u>-</u>	<u>(6,643)</u>	<u>79,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,414</u>	<u>338,059</u>
Operation results (including finance costs)	<u>800,503</u>	<u>289,988</u>	<u>602,211</u>	<u>67,157</u>	<u>(30,763)</u>	<u>50,560</u>	<u>9,037</u>	<u>8,261</u>	<u>3,388</u>	<u>62,460</u>	<u>1,384,376</u>	<u>478,426</u>
Add/(Less):												
Unallocated corporate expenses – net											<u>(49,689)</u>	<u>(37,808)</u>
Share option costs											<u>(14,957)</u>	<u>-</u>
Donations											<u>(9,334)</u>	<u>(6,447)</u>
Bad debt recovery											<u>-</u>	<u>10,591</u>
Gain on disposal of subsidiaries											<u>3,777</u>	<u>-</u>
Share of contribution by Emperor Entertainment Hotel Limited											<u>77,412</u>	<u>94,882</u>
Profit for the year attributable to equity holders of the Company											<u>1,317,917</u>	<u>487,677</u>
Earnings per share											<u>HK\$0.79</u>	<u>HK\$0.36</u>
Balance sheet												
Total assets											<u>10,920,846</u>	<u>8,071,525</u>
Total liabilities											<u>4,520,353</u>	<u>3,405,265</u>
Net assets											<u>6,400,493</u>	<u>4,666,260</u>

CONSOLIDATED INCOME STATEMENT

		Year ended 31st March,	
		2008	2007
	Notes	HK\$'000	HK\$'000 (Restated)
Continuing operations			
Turnover		1,765,213	284,829
Cost of sales		(909,839)	(26,805)
Direct operating expenses		(37,098)	(46,049)
Gross profit		818,276	211,975
Other income		17,588	7,122
Discount on acquisition of additional interest in an associate		39,634	–
Fair value change in investment properties		743,945	259,018
Gain on disposal of subsidiaries		3,777	–
Gain on disposal of investment properties		20,931	63,408
(Recognition) reversal of impairment losses - net	4	(10,131)	78,999
Selling and marketing expenses		(22,614)	(7,581)
Administrative expenses		(116,905)	(102,094)
Write back of allowance for doubtful debts of margin financing and other receivables - net		577	18,363
Finance costs		(137,705)	(115,337)
Share of results of associates		88,391	95,813
Profit before taxation	5	1,445,764	509,686
Taxation	6	(129,663)	(49,411)
Profit for the year from continuing operations		1,316,101	460,275
Profit for the year from discontinued operations	7	1,664	30,341
Profit for the year		<u>1,317,765</u>	<u>490,616</u>
Attributable to:			
Equity holders of the Company		1,317,917	487,677
Minority interests		(152)	2,939
		<u>1,317,765</u>	<u>490,616</u>
Earnings per share			
From continuing and discontinued operations	8		
Basic		HK\$0.79	HK\$0.36
Diluted		HK\$0.79	N/A
From continuing operations			
Basic		HK\$0.79	HK\$0.33
Diluted		HK\$0.79	N/A

CONSOLIDATED BALANCE SHEET

	As at 31st March,	
	2008	2007
<i>Note</i>	HK\$'000	HK\$'000
Non-current assets		
Investment properties	6,673,676	3,996,002
Property, plant and equipment	226,704	227,512
Properties under development	644,878	441,748
Deposits paid for acquisition of properties	91,891	46,675
Prepaid lease payments	671,834	741,875
Interests in associates	798,803	564,512
Amounts due from associates	2,645	38,717
Loans receivable	1,940	6,669
Intangible assets	–	771
Goodwill	1,940	1,940
Available-for-sale financial assets	–	138
Other assets	4,442	8,990
Deferred taxation assets	–	1,582
	9,118,753	6,077,131
Current assets		
Inventories	619	1,196
Properties held for sale	26,714	38,111
Properties under development	788,742	1,438,587
Prepaid lease payments	12,825	5,962
Debtors, deposits and prepayments	107,752	238,885
Investments in trading securities	161	139
Taxation recoverable	200	2,587
Pledged bank deposits	691,192	18,820
Bank balances (clients' segregated accounts)	–	119,368
Bank balances (general accounts) and cash	173,888	130,739
	1,802,093	1,994,394

CONSOLIDATED BALANCE SHEET *(Continued)*

		As at 31st March,	
		2008	2007
	<i>Note</i>	HK\$'000	<i>HK\$'000</i>
Current liabilities			
Creditors, customers' deposits and accrued charges	11	365,357	471,579
Amount due to a major shareholder		1,575,510	635,927
Amount due to an associate		298	–
Amounts due to minority shareholders of subsidiaries		19,504	21,040
Taxation payable		3,212	1,087
Secured bank borrowings – due within one year		915,674	1,310,206
		2,879,555	2,439,839
Net current liabilities		(1,077,462)	(445,445)
Total assets less current liabilities		8,041,291	5,631,686
Non-current liabilities			
Secured bank borrowings – due after one year		1,316,762	769,975
Deferred taxation liabilities		324,036	195,451
		1,640,798	965,426
Net assets		6,400,493	4,666,260
Capital and reserves			
Share capital		17,752	14,132
Reserves		6,382,671	4,651,714
Equity attributable to the equity holders of the Company		6,400,423	4,665,846
Minority interests		70	414
Total equity		6,400,493	4,666,260

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments which are measured at fair values and in accordance with accounting principles generally accepted in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new Hong Kong Financial Reporting Standard (“HKFRS”), amendment of Hong Kong Accounting Standard (“HKAS”) and Interpretations (“INTs”) (hereinafter collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning 1st April, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new, revised and amended standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements ¹
HKAS 23 (Revised)	Borrowing costs ¹
HKAS 27 (Revised)	Consolidated and separate financial statements ²
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligation arising on liquidation ¹
HKFRS 2 (Amendment)	Vesting conditions and cancellations ¹
HKFRS 3 (Revised)	Business combinations ²
HKFRS 8	Operating segments ¹
HK(IFRIC) – INT 12	Service concession arrangements ³
HK(IFRIC) – INT 13	Customer loyalty programmes ⁴
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction ³

- ¹ Effective for annual periods beginning on or after 1st January, 2009.
- ² Effective for annual periods beginning on or after 1st July, 2009.
- ³ Effective for annual periods beginning on or after 1st January, 2008.
- ⁴ Effective for annual periods beginning on or after 1st July, 2008.

IFRIC represents the International Financial Reporting Interpretation Committee

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

Information about business segments is as follows:

	Continuing operations					Discontinued operations			Total Consolidated HK\$'000
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000	Total HK\$'000	
Year ended 31st March, 2008									
INCOME STATEMENT									
Turnover									
External sales	<u>201,379</u>	<u>1,487,218</u>	<u>70,283</u>	<u>6,333</u>	<u>1,765,213</u>	<u>3,803</u>	<u>1,148</u>	<u>4,951</u>	<u>1,770,164</u>
Segment results (<i>Note</i>)	<u>942,765</u>	<u>566,891</u>	<u>9,037</u>	<u>1,724</u>	<u>1,520,417</u>	<u>941</u>	<u>723</u>	<u>1,664</u>	<u>1,522,081</u>
Interest income					5,230			-	5,230
Unallocated corporate expenses – net					(73,980)			-	(73,980)
Finance costs					(137,705)			-	(137,705)
Gain on disposal of subsidiaries					3,777			-	3,777
Discount on acquisition of additional interest in an associate					39,634			-	39,634
Share of results of associates					88,391			-	88,391
Profit before taxation					<u>1,445,764</u>			<u>1,664</u>	<u>1,447,428</u>
Taxation					(129,663)			-	(129,663)
Profit for the year					<u>1,316,101</u>			<u>1,664</u>	<u>1,317,765</u>
Year ended 31st March, 2007									
INCOME STATEMENT									
Turnover									
External sales	<u>164,697</u>	<u>18,993</u>	<u>69,495</u>	<u>31,644</u>	<u>284,829</u>	<u>77,877</u>	<u>45,808</u>	<u>123,685</u>	<u>408,514</u>
Segment results (<i>Note</i>)	<u>520,559</u>	<u>2,482</u>	<u>8,261</u>	<u>26,205</u>	<u>557,507</u>	<u>23,357</u>	<u>12,898</u>	<u>36,255</u>	<u>593,762</u>
Interest income					5,367			-	5,367
Unallocated corporate expenses – net					(33,664)			-	(33,664)
Finance costs					(115,337)			-	(115,337)
Share of results of associates					95,813			-	95,813
Profit before taxation					<u>509,686</u>			<u>36,255</u>	<u>545,941</u>
Taxation					(49,411)			(5,914)	(55,325)
Profit for the year					<u>460,275</u>			<u>30,341</u>	<u>490,616</u>

Note: Finance costs of HK\$425,000 (2007: HK\$23,607,000) were included in the Financing segment.

4. (RECOGNITION) REVERSAL OF IMPAIRMENT LOSSES – NET

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Impairment losses (recognised) reversed in respect of:		
Properties under development	(6,643)	79,041
Motor vehicle registration marks	(7,600)	(42)
Properties held for sale	4,112	–
	<u>(10,131)</u>	<u>78,999</u>

5. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:						
Amortisation of intangible assets, included in administrative expenses	–	–	–	294	–	294
Depreciation	20,232	17,922	59	1,061	20,291	18,983
Release of prepaid lease payments	5,430	5,962	–	–	5,430	5,962
Staff costs including Directors' remuneration and retirement benefit scheme contributions	113,660	85,303	2,899	46,477	116,559	131,780
and after crediting:						
Gross rental income less outgoings of approximately HK\$10,048,000 (2007: HK\$10,565,000)	<u>191,331</u>	<u>154,132</u>	<u>–</u>	<u>–</u>	<u>191,331</u>	<u>154,132</u>

6. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:						
Current tax						
Hong Kong Profits Tax	(5,248)	(1,266)	–	(5,953)	(5,248)	(7,219)
Over(under) provision in prior years						
Hong Kong Profits Tax	75	(44)	–	17	75	(27)
PRC enterprise income tax	(40)	28	–	–	(40)	28
	35	(16)	–	17	35	1
Deferred tax (charge) credit	(124,450)	(48,129)	–	22	(124,450)	(48,107)
	(129,663)	(49,411)	–	(5,914)	(129,663)	(55,325)

Hong Kong Profits Tax is calculated at 17.5% (2007: 17.5%) of the estimated assessable profit for the year.

The People's Republic of China ("PRC") enterprise income tax is calculated at the rates prevailing in the PRC.

7. PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	4,951	123,685
Direct operating expenses	(1,655)	(40,197)
Other income	213	2,296
Administrative expenses	(1,420)	(26,109)
Allowance for doubtful debts reversed	–	187
Finance costs	(425)	(23,607)
Profit before taxation	1,664	36,255
Taxation	–	(5,914)
Profit for the year	1,664	30,341

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>1,317,917</u>	<u>487,677</u>
	2008	2007
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,668,385,380	1,365,653,523
Effect of dilutive potential ordinary shares of share options	<u>6,561,575</u>	<u>–</u>
Weighted average number of ordinary share for the purpose of diluted earnings per share	<u>1,674,946,955</u>	<u>1,365,653,523</u>

No diluted earnings per share has been presented in respect of the outstanding share options for the year ended 31st March, 2007 as the exercise price of these share options was higher than the average market price of the shares for that year.

No effect on earnings and number of shares due to the dilutive potential share on the share of results of a listed associate has been presented as the exercise price of these potential ordinary shares of the associate was higher than the average market price of the shares of the associate for both years.

From continuing operations

The calculation of the earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Profit for the year attributable to equity holders of the Company	1,317,917	487,677
Less: Profit for the year from discontinued operations	1,664	30,341
	<hr/>	<hr/>
Earnings for the purpose of basic and dilutive earnings per share from continuing operations	<u>1,316,253</u>	<u>457,336</u>

The denominators used are the same as those detailed above for both basic and dilutive earnings per share.

From discontinued operations

Basic earnings per share for discontinued operations is HK\$0.001 per share (2007: earnings per share of HK\$0.02) and dilutive earnings per share for the discontinued operations is HK\$0.001 (2007: N/A), based on the profit for the year ended 31st March, 2008 from discontinued operations of HK\$1,664,000 (2007: profit of HK\$30,341,000) and the denominators detailed above for both basic and dilutive earnings per share.

9. DIVIDENDS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Recognised as distribution:		
Interim dividend for current financial year of HK\$0.04 (2007: HK\$0.04) per share	71,010	56,527
Final dividend for previous financial year of HK\$0.06 (2006: HK\$0.051) per share	106,515	68,706
	<hr/>	<hr/>
	<u>177,525</u>	<u>125,233</u>
Proposed:		
2008 final proposed dividend after the balance sheet date of HK\$0.062 (2007: HK\$0.06) per share	<u>110,065</u>	<u>106,515</u>

In addition, a special dividend in specie of one ordinary share in Emperor Capital Group Limited ("ECG") for every five shares held in the Company was distributed in April, 2007, amounting to HK\$211,254,000.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

An aged analysis of trade debtors at the balance sheet date is set out as follows:

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	5,674	4,360
31 – 90 days	505	339
91 – 180 days	325	103
Over 180 days	235	121
	<hr/> 6,739 <hr/>	<hr/> 4,923 <hr/>

An analysis of debtors, deposits and prepayments is as follows:

Debtors, net carrying values	6,739	4,923
Advances and share margin loans	–	80,622
Other receivables, net carrying values	78,756	36,304
Receivables from dealing in securities and futures	–	104,103
Deposits and prepayments	22,257	12,933
	<hr/> 107,752 <hr/>	<hr/> 238,885 <hr/>

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 tenants.

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

Receivables arising from dealing in securities and futures contracts were settled in one or two days after trade date. Advances and share margin loans were secured by clients' pledged securities. Advances were repayable within one year and share margin loans are repayable on demand. No aged analysis was disclosed in respect of receivables from dealing in securities and futures and share margin loans as, in the opinion of the directors, the aged analysis did not give relevant information in view of their nature.

11. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

An aged analysis of trade payables at the balance sheet date is set out as follows:

	2008	2007
	HK\$'000	HK\$'000
0 – 90 days	4,584	1,668
91 – 180 days	31	–
Over 180 days	87	220
	<hr/>	<hr/>
	4,702	1,888
Payables of dealings in securities and futures	–	162,961
Other creditors	200,838	220,930
Customers' deposits and accrued charges	159,817	85,800
	<hr/>	<hr/>
	365,357	471,579
	<hr/> <hr/>	<hr/> <hr/>

FINAL DIVIDEND

The Board declared the payment of a final dividend of HK\$0.062 per share (“Final Dividend”) for the year ended 31st March, 2008 (2007: HK\$0.06), amounting to approximately HK\$110 million, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 28th August, 2008. The total distribution per share for the full Year was HK\$0.102 (2007: HK\$0.10), including the interim dividend of HK\$0.04 per share already paid. If approved, the Final Dividend will be paid on 26th September, 2008 to shareholders whose names appear on Register of members of the Company on 28th August, 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders' entitlement to the Final Dividend, from 26th August, 2008 (Tuesday) to 28th August, 2008 (Thursday) (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 25th August, 2008 (Monday).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

For the Year, the Group recorded revenue of approximately HK\$1,765.2 million from continuing operations, a substantial rise of HK\$1,480.4 million or approximately 519.7% from HK\$284.8 million in the previous year. Profit attributable to equity holders of the Company was HK\$1,317.9 million as compared to HK\$487.7 million for last year. Earnings per share was HK\$0.79, rose by 119.4% from HK\$0.36 in 2007.

Profit for the Year was mainly attributable to profit on sales of properties, rise of rental income and fair value gains on investment properties. The Group also enjoyed contributions from its associate company, Emperor Entertainment Hotel Limited (“EEH”). The associate company contributed approximately HK\$77.4 million during the Year (2007: HK\$94.9 million), mainly from the Grand Emperor Hotel in Macau and the two self-managed VIP halls in the hotel.

The underlying profit for the Year of the Group, excluding the revaluation surplus of investment properties, was HK\$574.0 million, an increase of HK\$345.3 million or approximately 151.0% over HK\$228.7 million of 2007. During the Year, the Company has successfully spun off its investment brokerage and financing operation.

As at 31st March, 2008, net asset value attributable to equity shareholders amounted to HK\$6,400.4 million, representing approximately 37.2% higher than the amount of HK\$4,665.8 million a year earlier. Gearing ratio was approximately 35.1%.

Business Review

Property 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 lease of investment properties amounted to HK\$201.4 million, approximately 22.3% up from HK\$164.7 million in 2007.

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 had a sustainable overall occupancy rate of over 95% for its retail properties, attributable to the prime locations of the majority of the Group's retail properties. Key investment properties include the shopping mall at Emperor Group Centre in Wanchai, Emperor Plaza in Tsuen Wan, a number of shops and a mall at Russell Street, Causeway Bay. Retail rental was generally on the surge due to the rise in business turnover of tenants who benefited from the growth of tourist and local spendings.

In Hong Kong, the Group had expanded its portfolio of retail properties in prime locations, notably the areas with high pedestrian and tourist traffic including Causeway Bay and Central. The Group had also acquired a quality property of total areas of approximately 311,702 square feet in Kowloon Bay, enjoying the booming development of East Kowloon. The acquisition is expected to contribute a stable source of rental income over a long term.

The Group also has a multi-function beach-front leisure and recreation complex in Repulse Bay under construction. The project, to provide a total gross floor area of approximately 166,824 square feet, is virtually completed during the Year. It is expected to generate long-term rental income for the Group.

Shortly before close of the Year, the Group had completed the acquisition of a premium property on Avenida da Praia Grande, a prime area for retail and commercial development in Macau. The site is of 5,425 square feet and provides a total gross floor area of approximately 29,673 square feet for a terrace of three-storey commercial/residential buildings with shops on the ground floor. The site is planned for redevelopment in 2009. The project is expected to generate stable rental income from leasing to retailers upon completion of redevelopment in 2010.

In PRC, the Group had an approximately 88,365 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 total gross floor area of approximately 636,465 square feet, comprising a retail podium with high-end entertainment hot spots and a Grade-A office tower. Clearance work had commenced during the Year.

Taking benefit from the improving property market in Hong Kong and Macau, the Group recorded a revaluation surplus of HK\$741.4 million (2007: HK\$338.1 million). This included HK\$743.9 million from investment properties and HK\$4.1 million from properties planned to be sold.

Sale of Properties

During the Year, the Group recorded a turnover of HK\$1,487.2 million from sale of properties and development sites, HK\$1,468.2 million or over 78 times more than HK\$19.0 million in 2007.

The surge was mainly due to the sale of a piece of residential land in Mid-Levels, Hong Kong for HK\$1,468 million in November 2007. The Group started acquisition of individual units in February 2006 and the purchase of the entire parcel was completed in September 2007. The Group recorded a profit of HK\$577.1 million from the sales, which demonstrated the Group's strength in property investment and the continuous improvement of the Hong Kong property market.

Apart from the Mid-Levels site, the Group had also sold a number of shops, residential flats, carparking and office space during the Year. The disposal of the properties provided resources to the Group to continue to improve the mix of its investment properties and bring in properties with satisfactory rental returns or high development value.

Property Development

In Hong Kong, land supply is limited and there is an increasing demand for new flats on Hong Kong Island. 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 had teamed up with the joint venture partner of its Java Road project to co-acquire an adjacent site and successfully expanded the joint-redevelopment project (Group: 66%) on Java Road, North Point during the Year. The site, of a total of approximately 6,818 square feet, is to be developed into a multi-storey commercial/residential block with a total gross floor area of around 57,120 square feet. Demolition is nearly completed as in June 2008 and the project is expected to be completed in 2011.

Another redevelopment site is located at Shing On Street, Sai Wan Ho. The approximately 4,382 square feet site will provide a single residential tower block with a total gross floor area of approximately 44,007 square feet. Demolition had commenced in early 2008 and the project is expected to be completed in late 2011.

The Group owns a site on Des Voeux Road West, Western District. Subsequent to the Year, the Group successfully acquired an adjacent block, thus expanding the site to approximately 11,833 square feet. The site is expected to be developed into a residential block or hotel tower, capturing the rising demand of hotel rooms from tourists and business travellers. Demolition had commenced in late 2007 and the whole project is expected to complete in 2012.

The Group had also acquired a site on Prince's Road West in Kowloon, riding on the redevelopment potential following the building of Shatin-to-Central Rail Link. The acquisition was completed after the Year. The total site area is approximately 3,319 square feet. Demolition work is scheduled to commence in 2009 and the site is to be developed into a multi-storey residential/commercial block with a total gross floor area of approximately 29,846 square feet. The project is expected to be completed in 2012.

In PRC, the Group has a commercial/residential composite development project underway in Xiamen, known as Emperor Lakeside Metropolis which is expected to be completed in early 2009. Pre-sale of the residential units had commenced during the Year, with 48% of the units being sold as in June 2008.

As at 31 March 2008, the Group had a land bank in Hong Kong, Macau and PRC of approximately 700,000 square feet, comprising of land being acquired for development and redevelopment.

Hotel

The Emperor (Happy Valley) Hotel in Hong Kong had recorded a steady performance during the Year. Revenue – mainly from the hotel's 150 guest rooms as well as food and beverage from the karaoke lounge and coffee shop – reached approximately HK\$70.3 million (2007: HK\$69.5 million).

Well established with an image of “value for money” in the market, the hotel continued to put great weight in developing corporate and individual travellers sectors as well as long-staying and trade fair sectors during the Year. The hotel not only continued to work closely with the global online reservations system but also participated actively in the bidding of trade show tenders and liaised with the events, sports and conference organisers.

The corporate business had shown a significant improvement during the Year. The hotel saw a revenue mix of corporate business and tour groups of 70:30, as against 60:40 in the previous year. Such 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 ECG which became separately listed on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 24 April 2007. The shares of ECG were mainly distributed to shareholders of the Company by way of special dividend and shareholders of the Company also enjoyed additional subscription of ECG's shares 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 interests 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.

Corporate Finance

The Group aims at maintaining sound and cautious financial management principles while at the same time maximising values and returns for shareholders. As at 31st March 2008, the Group had a gearing ratio (debt/total assets) of 35.1%. The Group does not make use of any derivative instruments for speculative purposes.

Corporate Social Responsibilities

Embracing the mission "From the community, To the community", the Group is committed to work for the good of mankind. As a caring corporation, the Group has been supporting and organising various community activities to fulfil corporate social responsibility.

Emperor Foundation was established by the Group in 1997 to support charitable activities relating to education, medical and health, culture, community and environmental protection in Hong Kong and the mainland China. Helping the poor, the young, the aged, and the needy is also one of the many missions of the foundation.

Emperor Foundation not only channels the Group's donations to various organizations, but also solicits donations from its staff and related parties. Since its establishment, all administrative expenses of the Foundation have been borne by the Group to ensure that all the donations can be applied for charitable causes.

During the Year, the Foundation has made donations to various charitable organisations, including Community Chest, Hong Kong Red Cross, St Jame's Settlement and Friends of Earth, etc. The Foundation has also sponsored the setting up of "Hubei Province Hong Kong Emperor Elderly Care Centre", a hospice project run by Social Workers Across Borders (a Hong Kong based NGO) that won "The Most Influential Charity Project Nomination Award" presented by the Ministry of Civil Affairs of China in April 2007, as well as a special school in Hubei which recruited talented students from underprivileged background in August 2007. In response to the massive snowstorm that hit a large part of China in early 2008, the Group has solicited over HK\$1.4 million's donation. Total donation mobilized and channeled through the Foundation amounted to over HK\$11 million during the Year.

During the Year, the Group has also motivated its staff to participate in different charitable activities such as “Ancient Tea Horse Route Charity Expedition” for Sowers Action in June 2007, home visits to senior citizens with mooncakes as gifts during Mid-Autumn Festival for Senior Citizen Home Safety Association in September 2007, volunteering at “Playday”, an outdoor fun-filled therapeutic event organised by Playright Children’s Play Association for hospitalised children in November 2007, and “Hike for Hospice 2008” for the Society for the Promotion of Hospice Care in February 2008.

Subsequent to the year under review, the Sichuan Province was devastated by deadly earthquake and the Foundation has solicited over HK\$17 million’s donation to help the relief works in the affected areas.

Prospects

The Group has transformed into a property investor and developer following the spin-off of the brokerage and financing operations during the Year. In general, the property markets of Hong Kong, Macau and mainland China are expected to remain stable in the near future.

Rental for prime shops are expected to rise with the backing of positive economy. 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 strengthening the value of its properties through redevelopment and renovation works.

In Hong Kong, in addition to expanding the investment property portfolio, the Group will also expand its land bank through acquisition of older blocks in urban areas and redeveloping them into high-quality residential or commercial/residential developments. The Group might also participate in land auctions under Application List System and tender projects of Urban Renewal Authority.

For its hotel operation, the Group is working on a more strategic pricing policy, introducing new incentives and recognition programmes as well as enhancing relationship with its major accounts and clients. The Group will also upgrade its room amenities and facilities to boost the satisfaction of hotel guests.

In mainland China, the Group will focus on prime residential/office property development and enrich its land bank to benefit from China’s promising economic prospects.

Looking ahead, the Board will continue to monitor the share price of the Company and its underlying net asset value on a regular basis. The Board will consider repurchasing its own shares on the Stock Exchange when the share price represents an attractive discount to its net asset value.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2008, the total external borrowings (excluding payables) amounted to approximately HK\$3,827.7 million and the Group maintained a debt to total assets ratio of 35.1% (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 cashflow 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 their interest rates followed market rates. The Group's bank balances and cash were mostly Hong Kong dollars. The Group had no material exposure to fluctuations in exchange rates. Besides, the Group had no material contingent liabilities as at the year end date.

EMPLOYEES AND REMUNERATION POLICY

The Group's number of employees was approximately 350 (2007: approximately 300) as at 31st March, 2008. Total staff cost (including directors' emoluments) for the Year were approximately HK\$116.6 million (2007: HK\$131.8 million). All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 9th September, 2003. During the Year, the Company granted a total of 17,500,000 share options to four executive directors and outstanding share options as at 31st March 2008 was 37,500,000 share options.

ASSETS PLEDGED

Assets with carrying value of HK\$7,468.0 million were pledged as security for banking facilities.

REVIEW OF ANNUAL RESULTS

The annual results for the Year have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company had complied throughout the Year with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules. Having made specific enquiry to the Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code 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 AUDITED ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the Company’s website (<http://www.emp163.com>). The annual report will be dispatched to the shareholders of the Company and will be available on 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, 16th July, 2008

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: Ms. Mok Fung Lin, Ivy and Mr. Cheung Ping Keung; 4. Independent Non-Executive Directors: Mr. Chan Man Hon, Eric, Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael.

** for identification purposes only*