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

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

FINANCIAL SUMMARY

	Six months ended		Changes
	30 September		
	2016	2015	
	HK\$'000	HK\$'000	
Total revenue	2,215,792	3,733,419	- 40.6%
– Investment Property	430,379	398,464	+ 8.0%
– Property Development	964,453	2,430,943	- 60.3%
– Hotel Operations and Related Services	820,960	904,012	- 9.2%
Gross profit	1,505,035	1,882,716	- 20.1%
Revaluation loss on properties	(777,182)	(1,206,567)	N/A
Total segment profit (excluding revaluation loss)	972,285	1,266,850	- 23.3%

* For identification purposes only

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2016 (the “Period”) together with comparative figures for the corresponding period in 2015 as set out below:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2016

		Six months ended	
		30 September	
		2016	2015
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue		2,215,792	3,733,419
Cost of properties sales		(362,381)	(1,488,065)
Cost of hotel and hotel related operations		(316,928)	(327,133)
Direct operating expenses in respect of leasing of investment properties		(31,448)	(35,505)
Gross profit		1,505,035	1,882,716
Other income		44,238	71,931
Fair value changes of investment properties		(777,182)	(1,206,567)
Other losses	4	(146,448)	(135,669)
Selling and marketing expenses		(356,948)	(363,089)
Administrative expenses		(215,399)	(217,748)
Share of result of a joint venture		(35)	(45)
Profit from operations	5	53,261	31,529
Finance costs		(204,831)	(210,002)
Loss before taxation		(151,570)	(178,473)
Taxation	6	(187,741)	(327,637)
Loss for the period		(339,311)	(506,110)

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

		Six months ended	
		30 September	
		2016	2015
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Other comprehensive income (expense)			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Revaluation surplus of property transferred to investment properties		30,500	–
Deferred tax on revaluation surplus of property transferred to investment properties		(3,660)	–
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		<u>(125,825)</u>	<u>(170,977)</u>
Other comprehensive expense for the period		<u>(98,985)</u>	<u>(170,977)</u>
Total comprehensive expense for the period		<u>(438,296)</u>	<u>(677,087)</u>
(Loss) profit for the period attributable to:			
Owners of the Company		(392,886)	(591,701)
Non-controlling interests		<u>53,575</u>	<u>85,591</u>
		<u>(339,311)</u>	<u>(506,110)</u>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(508,516)	(762,595)
Non-controlling interests		<u>70,220</u>	<u>85,508</u>
		<u>(438,296)</u>	<u>(677,087)</u>
Loss per share	7		
Basic		<u>(HK\$0.11)</u>	<u>(HK\$0.16)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

		As at	
		30 September 2016 (unaudited) <i>HK\$'000</i>	31 March 2016 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties	9	35,682,913	36,502,772
Property, plant and equipment	9	3,519,913	3,358,745
Deposits paid for acquisition of investment properties/property, plant and equipment		24,037	43,802
Receivables related to a development project		172,473	178,210
Prepaid lease payments		551,117	560,178
Interest in a joint venture	10	612,514	599,347
Goodwill		56,683	56,683
Other assets		4,092	4,092
Pledged bank deposits		30,508	30,252
		40,654,250	41,334,081
Current assets			
Inventories		14,791	13,745
Properties held for sale	11	357,729	720,124
Properties under development for sale	9	1,450,870	1,309,714
Prepaid lease payments		17,252	17,266
Trade and other receivables	12	667,949	834,641
Taxation recoverable		8,278	9,663
Deposit in designated bank account for development properties		9,421	9,685
Pledged bank deposits		328	655,718
Short-term bank deposits		–	39,031
Bank balances and cash		3,891,270	3,108,291
		6,417,888	6,717,878

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		As at	
		30 September 2016 (unaudited) <i>HK\$'000</i>	31 March 2016 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	13	1,158,658	1,283,036
Amount due to a related company		446,169	484,530
Amounts due to non-controlling interests of subsidiaries		126,000	132,000
Unsecured notes		1,638,787	–
Derivative financial instruments		–	16,700
Taxation payable		705,056	588,605
Bank borrowings – due within one year		1,640,667	3,000,420
		<u>5,715,337</u>	<u>5,505,291</u>
Net current assets		<u>702,551</u>	<u>1,212,587</u>
Total assets less current liabilities		<u>41,356,801</u>	<u>42,546,668</u>
Non-current liabilities			
Amount due to a related company		1,643,374	3,059,865
Unsecured notes		4,782,901	4,566,553
Bank borrowings – due after one year		8,720,058	8,028,668
Deferred taxation		1,201,818	1,157,047
		<u>16,348,151</u>	<u>16,812,133</u>
		<u>25,008,650</u>	<u>25,734,535</u>
Capital and reserves			
Share capital		36,775	36,775
Reserves		21,944,684	22,715,937
		<u>21,981,459</u>	<u>22,752,712</u>
Equity attributable to owners of the Company		<u>21,981,459</u>	<u>22,752,712</u>
Non-controlling interests		3,027,191	2,981,823
		<u>3,027,191</u>	<u>2,981,823</u>
		<u>25,008,650</u>	<u>25,734,535</u>

NOTES:

1. BASIS OF PREPARATION

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

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

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

2. PRINCIPAL ACCOUNTING POLICIES

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

In the Period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the HKICPA that are mandatorily effective for accounting periods beginning on or after 1 April 2016. Except as described below, the accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2016.

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKAS 27	Equity method in separate financial statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRS	Annual improvements to HKFRSs 2012-2014 Cycle

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

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

3. SEGMENT INFORMATION

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

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2016	2015	2016	2015
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Business segments				
Lease of properties	430,379	398,464	(397,103)	(859,933)
Properties development	964,453	2,430,943	447,166	766,962
Hotel and hotel related operations	820,960	904,012	145,040	153,254
	<u>2,215,792</u>	<u>3,733,419</u>	<u>195,103</u>	<u>60,283</u>
Interest income			25,605	53,175
Unallocated corporate expenses, net			(159,377)	(59,561)
Net loss on fair value changes in derivative financial instruments			(8,035)	(22,323)
Finance costs			(204,831)	(210,002)
Share of result of a joint venture			(35)	(45)
Taxation			(187,741)	(327,637)
Loss for the period			<u>(339,311)</u>	<u>(506,110)</u>

4. OTHER LOSSES

	Six months ended	
	30 September	
	2016	2015
	(unaudited)	(unaudited)
HK\$'000	HK\$'000	
Net loss on fair value changes in derivative financial instruments	8,035	22,323
Net exchange loss	125,413	72,147
Loss arising from misappropriation of funds (note)	13,000	–
Impairment loss on prepaid lease payments	–	41,199
	<u>146,448</u>	<u>135,669</u>

4. OTHER LOSSES (continued)

Note:

The Group was aware that a 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 Inspection of Macao Judiciary Police and the senior casino cashier was arrested for criminal investigation. Up to the approval date of these condensed consolidated financial statements, the criminal investigation is still on-going and no trial has been taken place.

The Internal Audit Department of the Group had carried out a thorough physical count of the chips on hand to ascertain the amount of funds misappropriated and finally determined that the loss arising from the Misappropriation of Funds amounted to HK\$13,000,000 which was charged to the consolidated statement of profit or loss during the Period. Chips on hand under note 12 “Trade and other receivables” was also adjusted downward by the same amount to reflect such loss for the Period.

5. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$102,674,000 (2015: HK\$111,529,000) in respect of the Group’s property, plant and equipment.

6. TAXATION

	Six months ended	
	30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$’000	HK\$’000
Tax charge comprises:		
Current tax		
Hong Kong Profits Tax	(98,453)	(119,685)
Macau Complementary Income Tax (“CT”)	(21,780)	(34,172)
	(120,233)	(153,857)
Deferred taxation	(67,508)	(173,780)
	<u>(187,741)</u>	<u>(327,637)</u>

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

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

7. LOSS PER SHARE

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

	Six months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic loss per share	<u>(392,886)</u>	<u>(591,701)</u>

	Six months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basis loss per share	<u>3,677,545,667</u>	<u>3,674,834,329</u>

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

8. DIVIDENDS

	Six months ended 30 September	
	2016	2015
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend of HK\$0.055 per share for the year ended 31 March 2016 paid during the period (year ended 31 March 2015: HK\$0.06)	<u>202,265</u>	<u>220,653</u>

In respect of the Period, the Board has resolved to declare an interim dividend of HK\$0.045 (2015: HK\$0.045) per share to shareholders amounting to approximately HK\$165,489,000 (2015: HK\$165,489,000).

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

Investment properties

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

During the Period, the Group acquired investment properties for a cash consideration of HK\$177,390,000 (2015: HK\$1,603,478,000).

The fair value of the Group's investment properties at 30 September 2016 and 31 March 2016 have been arrived at on the basis of a valuation carried out by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group, in accordance with the HKIS Valuation Standards (2012 Edition) issued by Hong Kong Institute of Surveyors.

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

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

The resulting decrease in fair value of investment properties of approximately HK\$777,182,000 (2015: HK\$1,206,567,000) has been recognised directly in profit or loss for the Period.

Property, plant and equipment and properties under development for sale

During the Period, the Group acquired property, plant and equipment and properties under development for sale amounting to approximately HK\$183,902,000 and HK\$120,560,000 (2015: HK\$88,908,000 and HK\$770,652,000) respectively.

10. INTEREST IN A JOINT VENTURE

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

As at 30 September 2016, the Group has given corporate guarantee of HK\$941,600,000 (31 March 2016: HK\$941,600,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$546,000,000 (31 March 2016: HK\$546,000,000) has been utilised. In the opinion of the Directors, the fair value of the guarantee is not significant.

11. PROPERTIES HELD FOR SALE

The properties held for sale comprise properties:

	As at	
	30 September 2016 (unaudited) HK\$'000	31 March 2016 (audited) HK\$'000
Situated in Hong Kong	357,268	719,650
Situated in the People's Republic of China and held under land use rights with terms expiring within 50 years	<u>461</u>	<u>474</u>
	<u>357,729</u>	<u>720,124</u>

12. TRADE AND OTHER RECEIVABLES

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

	As at	
	30 September 2016 (unaudited) <i>HK\$'000</i>	31 March 2016 (audited) <i>HK\$'000</i>
0 – 30 days	133,376	99,425
31 – 90 days	4,958	16,088
91 – 180 days	6,345	1,980
Over 180 days	<u>17,627</u>	<u>12,900</u>
	162,306	130,393
Chips on hand	121,225	148,033
Other receivables	237,797	356,185
Deposits and prepayments	<u>146,621</u>	<u>200,030</u>
	<u>667,949</u>	<u>834,641</u>

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

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

Included in other receivables are amounts due from related companies of HK\$36,032,000 (as at 31 March 2016: HK\$34,585,000). These related companies are indirectly controlled by Albert Yeung Holdings Limited, being the ultimate holding company of the Company. The amounts are unsecured, interest-free and repayable within one year.

13. TRADE AND OTHER PAYABLES

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

	As at	
	30 September 2016 (unaudited) <i>HK\$'000</i>	31 March 2016 (audited) <i>HK\$'000</i>
0 – 90 days	24,879	27,871
91 – 180 days	1,319	80
Over 180 days	2,694	1
	<u>28,892</u>	<u>27,952</u>
Construction payables and accruals	565,456	562,042
Other payables and accruals	265,754	249,057
Rental deposits received	274,943	314,468
Deposits received from sales of properties	23,613	129,517
	<u><u>1,158,658</u></u>	<u><u>1,283,036</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in property investments, property development and hospitality in the Greater China and overseas.

FINANCIAL REVIEW

Overall Review

During the Period, the Group's total revenue was HK\$2,215.8 million (2015: HK\$3,733.4 million). The performance of rental income from the Group's investment properties portfolio remained resilient, with a growth of 8.0% to HK\$430.4 million (2015: HK\$398.5 million), representing 19.4% (2015: 10.7%) of the total revenue. As for property development, revenue of HK\$964.5 million (2015: HK\$2,430.9 million) was generated from the sales of remaining completed residential units, particularly the *Upton*. Due to a softening in demand for gaming and hospitality services in Macau, revenue from the hospitality segment was HK\$821.0 million (2015: HK\$904.0 million), accounting for 37.1% (2015: 24.2%) of the total revenue.

Gross profit was HK\$1,505.0 million (2015: HK\$1,882.7 million). Due to the continuous weakening consumption market sentiment and recent downtrend of market rental of investment properties in prime locations, the assessment of market property valuation was further downward adjusted, and hence, a revaluation loss on investment properties during the Period amounted to HK\$777.2 million (2015: HK\$1,206.6 million). The total segment profit excluding revaluation loss on properties was HK\$972.3 million (2015: HK\$1,266.9 million). With the presence of the revaluation loss on properties, loss for the Period attributable to owners of the Company was HK\$392.9 million (2015: HK\$591.7 million). Basic loss per share was HK\$0.11 (2015: HK\$0.16). The Board declared an interim dividend of HK\$0.045 per share (2015: HK\$0.045).

Liquidity and Financial Resources

The Group owned a key property portfolio with an area of over 5 million square feet. As at 30 September 2016, the Group's net asset value and net asset value per share amounted to HK\$21,981.5 million (31 March 2016: HK\$22,752.7 million) and HK\$5.98 (31 March 2016: HK\$6.19) per share, respectively.

The Group has cash, bank balances and bank deposits amounted to HK\$3,922.1 million as at 30 September 2016 (31 March 2016: HK\$3,833.3 million). The total external borrowings (excluding payables) amounted to approximately HK\$18,998.0 million (31 March 2016: HK\$19,272.0 million) and the Group's debt to total asset ratio was 40.4% (31 March 2016: 40.1%) (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 cash flow

generated from operations, bank borrowings, unsecured notes and unsecured loans from a related company to finance its operation. During the Period, the Company issued unsecured notes of US\$200.0 million and HK\$300.0 million for the purpose of providing general working capital to the Group. Such notes become repayable by 2021 and carry fixed coupon rate of 4.0% per annum and 4.4% per annum respectively, payable semi-annually in arrears. The Group's bank borrowings were denominated in Hong Kong dollars and Renminbi ("RMB") and their interest rates followed market rates. The Group's bank balances and cash were also denominated in Hong Kong dollars, RMB and Macau Pataca ("MOP"). The Group is exposed to certain foreign exchange risk caused by fluctuation in RMB exchange rate. The Group closely monitors its overall foreign exchange exposure and will adopt appropriate measures to mitigate the currency risks.

BUSINESS REVIEW

Investment Property

The Group's investment properties primarily focus on quality street-level retail spaces and commercial buildings at prominent locations. In recent years, the Group strives to enhance the proportion of commercial buildings 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.

Hong Kong – Retail Premises

During the Period, the overall occupancy rate of the Group's retail properties was over 97.0%, attributable to the majority of its premises being in prime locations. The Group owns many premium investment properties, with a strong focus on street level retail space at the key shopping districts in Hong Kong. Key investment properties include the retail spaces at **Nos. 8, 20, 22-24 and 50-56 Russell Street, No. 76 Percival Street** and **Nos. 474-476, 478-484, 507, 523 Lockhart Road** in Causeway Bay; **Nos. 4-8 Canton Road, Nos. 81, 83 Nathan Road, Nos. 35-37 Haiphong Road** and **Nos. 25-29 Hankow Road** in Tsim Sha Tsui; **The Pulse** in Repulse Bay; **Fitfort Shopping Arcade** in North Point; and **Level 3, New Town Mansion Shopping Arcade** in Tuen Mun.

Hong Kong – Office, Commercial, Industrial & Residential Complexes

In addition to the above-mentioned retail spaces, the Group's rental income from complexes mainly includes **Emperor Group Centre, China Huarong Tower** and **Nos. 75-85 Lockhart Road** in Wan Chai; **Wincome Centre** in Central; a residential site at **Nos. 17-19 Yik Yam Street** in Happy Valley; a complex at **Nos. 45-51 Kwok Shui Road** in Kwai Chung; and **New Media Tower** in Kwun Tong. Situated at the busiest transportation hub in Central, **Wincome Centre** was planned for renovation and upgrading during the Period. The residential site at

Nos. 17-19 Yik Yam Street is planned to be developed into 21-storey residential complex with 68 units for leasing-out, with anticipated completion in 2018. Two adjacent commercial complexes at **Nos. 75-85 Lockhart Road** are planned to be disassembled and redeveloped into a commercial and catering composite building with a gross floor area of 96,000 square feet in Japanese-Ginza style in 2019.

Macau

In Macau, construction work at **Nos. 71-75 Avenida do Infante D. Henrique & Nos. 514-540 Avenida da Praia Grande** in Peninsula was in progress. It will be redeveloped into a multi-storey premium retail complex with a gross floor area of approximately 30,000 square feet in 2017. It is expected that this corner site will be upgraded and signified as a prime city-centre shopping spot in the town.

Mainland China

Located at Chang'an Avenue East, Beijing, the superstructure work of **Emperor Group Centre** was almost completed during the Period. It is a 30-storey (including basement) Grade-A office tower and commercial complex, with a gross floor area of approximately 1,000,000 square feet. It will include a four-storey retail podium and five-storey basement with entertainment hot spots and parking facilities. The leasing procedure has been commenced. Given that it will become another landmark building along this prominent street of China's capital city in 2017, the Group expects this project to generate significant recurring rental revenue, upon its inauguration.

Located 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.

London

The Group owns a seven-storey (including basement) retail and office complex at **Nos. 181-183 Oxford Street**, and an eight-storey (including basement) retail and office complex at **Nos. 25-27 Oxford Street**, in London. With premises at a prominent London shopping hub that is among the popular tourist spots for international visitors, the Group is optimistic regarding the potential rental increment.

Property Development

The sales of the Group's residential units were in good progress. The remaining units of **Harbour One** and **18 Upper East**, together with part of the remaining units of **Upton** were sold and sales proceeds of which were recognised during the Period.

A residential site, at **Tuen Mun Town Lot No. 436, Kwun Fat Street, Siu Lam**, Tuen Mun, with a gross floor area of approximately 39,000 square feet, will be developed into 14 low-rise detached or semi-detached houses. The construction work was nearly completed during the Period. This project will be launched to the market in the near future. 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 a mixture of detached houses and apartments. It is expected to be completed in late-2018. These two projects will be well served by a superb transportation network of Hong Kong–Shenzhen Western Corridor as well as the future Tuen Mun–Chek Lap Kok Link and Hong Kong–Zhuhai–Macau Bridge. The sites are also close to Harrow International School Hong Kong, the Hong Kong branch of the prestigious, UK-based Harrow School.

A signature luxury residential project (in collaboration with two partners) at **Rural Building Lot No. 1198, Shouson Hill**, Island South, with a gross floor area of approximately 88,000 square feet, will be developed into 15 low-density luxury houses, with comprehensive auxiliary facilities. Another luxury residential complex, at **Nos. 8-10A Mosque Street, Mid-Levels**, Central, is planned to be redeveloped into a luxury residential tower with a gross floor area of approximately 32,000 square feet. Both projects are expected to be completed in 2019. In line with our strategic focus on quality residential properties in Hong Kong Island, these two projects will enable the Group to optimise the land bank portfolio with better capital appreciation in the future.

An urban redevelopment project, at **New Kowloon Lot No. 6538, Fuk Wing Street**, Sham Shui Po, with a gross floor area of approximately 54,000 square feet, is planned to be redeveloped into a 26-storey residential tower with more than 130 flats. This project is expected to be completed in 2018.

Hotel Operations and Related Services

Emperor Hotels Group has been established to cover several hotels and serviced apartments in Hong Kong and Macau, and is dedicated to the Group's ongoing efforts and comprehensive development of hotel operations. In Hong Kong, it currently covers **Emperor (Happy Valley) Hotel**, **Inn Hotel Hong Kong**, **MORI MORI Serviced Apartments** and a new hotel development project in Wanchai. In Macau, it covers **Grand Emperor Hotel** and **Inn Hotel Macau**, where income from hospitality and gaming has been consolidated with the Group.

Located in Happy Valley, **Emperor (Happy Valley) Hotel** is the Group's flagship project, with the classic beauty of European architecture and décor. It is a 26-storey hotel offering 150 guest rooms, with a gross floor area of approximately 84,000 square feet. **Golden Valley**, a restaurant offering Cantonese and Sichuan cuisine in the hotel, has been awarded Michelin one-star for the seventh consecutive year.

Located 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 living.

Meanwhile, superstructure work at **No. 373 Queen's Road East**, Wan Chai, was almost completed during the Period. With a gross floor area of approximately 115,000 square feet, this will be developed into a 29-storey hotel offering 300 guest rooms as well as leisure, dining and parking facilities. The hotel is expected to be commenced in 2017. It will be a signature hotel project under **Emperor Hotels Group**, which can further enhance brand recognition in the hospitality segment.

Grand Emperor Hotel is another of the Group's flagship projects, located on the Peninsula, Macau. 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 comfortable experience for catering 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 residential market is anticipated to remain positive, given the solid demand from end-users, with ongoing growth in household formation and rising personal incomes. The Group is building a steady development projects pipeline for providing long-term contributions through the sale of residential units. The luxury residential sites in *Siu Lam, Tai Lam, Shouson Hill* and *Mid-Levels* once again demonstrate the Group's strategic focus on premium residential projects. Looking ahead, the Group will continue to replenish its land bank for strengthening earnings and shareholders' value.

The Group is looking forward to the inauguration of *Emperor Group Centre*, a signature commercial composite building in Beijing that accommodates a Grade-A office tower, with premier shopping mall combining retail spaces and superb cinemas. This will mark a significant milestone for the Group to upscale sizable commercial project in China. The Group expects that *Emperor Group Centre* in Beijing and retail complex at *Avenida do Infante D. Henrique*, Peninsula, Macau will generate significant recurring rental revenue in the financial year of 2017/18. In order to leverage the potential decline of rental income from retail spaces, the Group is adopting a pro-active approach to optimise the balance between retail and non-retail premises. The Group will continue to source quality and upscale investment properties with good potential in Greater China and also in major cities in the world, to enhance its investment property portfolio and continue to provide a significant source of recurrent rental income in the long-run.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff including Directors' emoluments amounted to HK\$315.2 million during the Period (2015: HK\$309.3 million). The number of staff was 1,753 as at 30 September 2016 (2015: 1,768). Each employee's remuneration was determined in accordance with 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 adopted a share option scheme on 15 August 2013 (the "Share Option Scheme"). Particulars of the Share Option Scheme will be set out in the section headed "Share Options" of the interim report of the Company.

ASSETS PLEDGED

As at 30 September 2016, assets with carrying value of HK\$36,689.6 million (31 March 2016: HK\$36,388.5 million) were pledged as security for banking facilities.

INTERIM DIVIDEND

The Board declared an interim dividend of HK\$0.045 per share (“Interim Dividend”) for the financial year ending 31 March 2017 (2015/2016: HK\$0.045 per share) amounting to approximately HK\$165.5 million (2015/2016: HK\$165.5 million). The Interim Dividend will be payable on 15 December 2016 (Thursday) to shareholders whose names appear on the register of members of the Company on 9 December 2016 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 8 December 2016 (Thursday) to 9 December 2016 (Friday), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 7 December 2016 (Wednesday).

REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE

Corporate Governance Code

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

Model Code for Securities Transactions

The Company had 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 (“Model Code”). Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code and EIHL Securities Code throughout the Period.

Relevant employees who are likely to be in possession of unpublished price-sensitive information of the Group are also subject to compliance with written guidelines in line with the Model Code. No incident of non-compliance by relevant employees was noted during the Period.

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.EmperorInt.com>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 16 November 2016

As at the date hereof, the Board comprises:

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