CHAIRPERSON'S STATEMENT

For the year ended March 31, 2006, Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") recorded turnover of HK$985.5 million, representing a decrease of 10% compared with HK$1.1 billion in the previous year. Profit attributable to shareholders was HK$532.4 million, a 14% rise over a restated HK$466.4 million in the previous year.

Turnover included HK$325.7 million from continuing operations and HK$659.9 million from discontinued operations. In 2005, the figures were HK$401.8 million for continuing operations and HK$745.4 million from discontinued operations. On March 31, 2006, the Group completed the disposal or discontinuation of non-core, loss-making operations, as part of a rationalization plan to focus on the Group's core businesses of property development and investment.

The Company did not record any substantial sales of properties during the year, which resulted in a drop in turnover.

The rise in profit was due to increase in rental income and gains from the revaluation of the Group's existing investment properties and development projects in Hong Kong. All business segments – including the lease of properties, hotel operations as well as securities and consultancy services – enjoyed robust growth last year, in line with the Group's strategy to concentrate its resources and management efforts on these operations.

The Group also enjoyed contributions from its associate company, Emperor Entertainment Hotel Limited ("EEH"), whose principal hotel and gaming project in the Macau Special Administrative Region, namely the Grand Emperor Hotel commenced business in January 2006. It received a contribution of HK$57.9 million during the year from EEH. The Group expected to see continuous healthy contributions from the Macau hotel in future.

CHAIRPERSON'S STATEMENT

OPERATIONAL REVIEW

Property Development and Investment

Property development and investment is the Group's core business. Rentals from investment properties had been the Group's main income stream. The increase in net rental income is attributable to the trend of rising rental rates upon expiry of old tenancies, as well as the growth in tourist spending and domestic consumption. The Group maintained a high overall occupancy rate for its retail properties, due to the prime location of the majority of these properties.

The total carrying value of the Group's property portfolio in Hong Kong, Macau and the People's Republic of China ("PRC") reached approximately HK$4.6 billion. These properties mainly consist of retail premises, offices, apartments and a hotel. During the year, the Group did not have any substantial sales of properties.

Turnover from lease of investment properties rose 25% to approximately HK$130.5 million, compared with HK$104.7 million in 2005, while profit soared 33% to approximately HK$597.2 million, up from HK$450.4 million in 2005.

Amid a recovering property market in Hong Kong, the Group reported a revaluation gain of HK$370.7 million from investment properties and HK$104.0 million from its Repulse Bay project, which is under development. Profits excluding the revaluation gain were HK$122.5 million, compared with HK$90.2 million in 2005.

In general, the Group made positive and active progress in property development. In April 2006, the Group announced the acquisition of a piece of land in Beijing for the construction of a high-end commercial complex. The 88,420 square feet site commands prime frontage along Chang'an Avenue and is on the south side of Jianguomenwai Street, a famous tourist, shopping and office district between the second and third rings of Beijing. The investment represents the Group's expansion towards Beijing and hence the PRC property market. The complex upon completion will consist of a retail podium with high-end and luxury shops, restaurants, entertainment hot spots and car-park facilities, with a Grade-A office tower above.

Apart from its investment in Beijing, the Group has a residential development project in Xiamen. The Phase II development of Riverside Garden at Xiamen has been approved and superstructure work is scheduled to commence in August this year. The development is scheduled to be completed in 2008.

In Hong Kong, the Group completed during the year the basement excavation and foundation work for the redevelopment at Repulse Bay. The site is for the development of a 151,000 square feet multifunctional recreation complex, which should generate long-term rental income. The project is expected to be completed in 2008.

CHAIRPERSON'S STATEMENT

Hotel

The Group experienced a turnaround for the Emperor (Happy Valley) Hotel during the Year. Turnover for the hotel was approximately HK$63.3 million, up from HK$51.9 million in 2005, with revenue mainly coming from the hotel's 150 guest rooms, karaoke lounge and coffee shop. The hotel enjoyed a profit of HK$4.1 million, as against a loss of HK$5.3 million in the previous corresponding period.

The hotel achieved an improvement in room rates and occupancy which reached approximately 94% on average.

It is particularly noteworthy that food and beverage business ("F&B") performed well, especially after the conversion of the 3rd Floor entertainment lounge into karaoke rooms, which was completed in December 2005. F&B turnover increased nearly 40% over the previous period.

Securities Brokerage and Consultancy Services

During the year, turnover from this segment climbed 24% to HK$127.6 million, compared with HK$103.3 million in 2005. Profit rose by 10% to HK$78.9 million, up from HK$71.1 million in 2005. The result was boosted by the expansion of the commodity futures business in Japan and U.S. and the increase in the trading activity in Hong Kong in 2005, especially in initial public offerings and margin financial activities.

Non-core businesses disposed/discontinued

On March 31, 2006, the Group completed the disposal of non-core businesses to its major shareholder, in a bid to focus on major, more profitable operations. This included wholesaling and retailing of furniture, publishing and printing operations. The Group received approximately HK$106.0 million following completion of the disposal, which did not have any material impact on the net asset position of the Group and there was no material gain or loss recognised by the Group.

The Group also discontinued its marine products trading operation. The discontinuance realised financial resources of approximately HK$15 million for the Group.

The non-core businesses contributed a total turnover of HK$659.9 million in the year, compared with HK$745.4 million in 2005, and a marginal profit of HK$2.5 million compared with a loss of HK$11.5 million previously. The disposal and discontinuation have realised capital resources of over HK$100 million for the Group, leaving the Group to focus management efforts on its major and higher profit margin businesses.

CHAIRPERSON'S STATEMENT

PROSPECTS

The Group made a significant decision during the year to reposition itself as a property player, following the disposal and discontinuation of non-core businesses. This strategy allows the Group to re-allocate its financial and management resources to its core property operations. The disposal and discontinuation also helped the Group to realise its previous investment in these non-core businesses, with proceeds from the sales helping to strengthen the Group's financial position.

With respect to its property business, the Group plans to expand its property portfolio with a balanced mix across Hong Kong, Macau and the PRC. The Group continues to focus on developing and investing in high-end rental properties, with the Beijing Chang'an Avenue project as a showcase of the management's expertise and determination.

In Hong Kong, there is growing demand for new flats but land supply is limited and land acquisition costs are high. The Group has been working on the acquisition and assembly of various urban sites of up to 10,000 square feet, to be redeveloped into high-quality residential or composite complexes. The Group saw high potential in the residential market especially on Hong Kong Island, with the development of the new Island West and Island South lines of Mass Transit Railway.

With regard to its hotel operation, the Group expects the market to be increasingly competitive this year with the launch of new hotels in Hong Kong, resulting in higher hotel room supply. The Group will continue to make improvements in its operations and marketing strategies in order to remain competitive.

Looking ahead, the Group expects to receive ongoing profit contributions from its partially-owned gaming operation under EEH, as well as strong cashflow through dividends distributed by EEH. The Group will also closely monitor the performance of all its business segments to maximise returns for its shareholders and investors.

By Order of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong, 19th July, 2006