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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)

2020/2021 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**” or “**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 2020 (the “**Period**”).

FINANCIAL SUMMARY	For the six months ended 30 September	
	2020	2019
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Total revenue	637,503	1,238,031
– Rental income	447,554	513,455
– Property sales	82,100	–
– Hotel and hotel related operations	107,849	724,576
Gross profit	280,358	858,783
Fair-value loss on investment properties	(981,815)	(1,298,635)
(Loss)/Profit attributable to the owners of the Company		
– Underlying ¹	(15,264)	824,097
– Reported	(990,157)	(519,311)
Basic loss per share	HK\$(0.27)	HK\$(0.14)
Interim dividend per share	HK\$0.012	HK\$0.035

¹ Excluding the effect of any fair-value changes and relevant deferred taxation

* for identification purpose only

RESULTS

During the Period, the global economy faced unprecedented challenges due to the COVID-19 pandemic (the “**Pandemic**”), which has been a severe blow to the Hong Kong economy in tandem with the US-China trade disputes.

Against the tough business operating environment, the Group’s total revenue decreased to HK\$637.5 million (2019: HK\$1,238.0 million) during the Period. Rental income decreased by 12.8% to HK\$447.6 million (2019: HK\$513.5 million). To get through the tough times alongside retail tenants, the Group has carried out rental relief measures, which have inevitably impacted its rental performance.

Revenue from the sales of property development was HK\$82.1 million (2019: Nil), which was solely contributed by the sales recognised from *Peak Castle*.

Owing to the travel restrictions and health quarantine arrangements for inbound travellers as a result of the Pandemic, the hospitality industry was in a slump, with monthly averages of 10,000 (2019: 4.8 million) and 133,000 (2019: 3.3 million) visitor arrivals only to Hong Kong and Macau respectively, during the Period. Revenue from the hospitality segment therefore declined to HK\$107.8 million (2019: HK\$724.6 million).

Gross profit decreased to HK\$280.4 million (2019: HK\$858.8 million). A revaluation loss on investment properties of HK\$981.8 million (2019: HK\$1,298.6 million) was recorded. As a result of the revaluation loss on investment properties and the decline in total revenue, loss for the Period attributable to the owners of the Company of HK\$990.2 million (2019: HK\$519.3 million) was recorded. Excluding the revaluation loss on investment properties, the underlying loss amounted to HK\$15.3 million (2019: underlying profit of HK\$824.1 million). Basic loss per share was HK\$0.27 (2019: HK\$0.14). The Board has resolved to declare an interim dividend of HK\$0.012 (2019: HK\$0.035) per share.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in property investment, property development and hospitality, owning properties with a total area of over 6 million square feet in Greater China and overseas. The Group has a tri-engine business model – owning and managing investment properties in prime locations that generate stable income; developing residential projects to drive earnings visibility; and operating hospitality services with steady recurrent cash flow.

BUSINESS REVIEW

Rental Income

The Group's investment properties portfolio primarily focuses on commercial buildings and quality street-level retail spaces in prominent locations, with an aggregate gross floor area of over 4,600,000 square feet. In recent years, the Group has strived to further develop beyond its origins, notably by expanding its coverage from Greater China to the United Kingdom, enabling it to possess a geographically balanced property portfolio. By doing so, the Group can diversify its rental income streams and minimise impacts due to market volatility.

Existing Portfolio

– *Hong Kong*

Hong Kong accounted for more than 55% of the Group's total gross floor area of investment properties currently for lease. As at 30 September 2020, the occupancy rate of the Group's investment properties in Hong Kong was over 90%.

The Group owns numerous premium office, commercial and industrial complexes which mainly include *Emperor Group Centre* and *China Huarong Tower* in Wan Chai; *Emperor Commercial Centre* in Central; *CentreHollywood* in Sheung Wan; *Topy Tower* in Kwai Chung; *New Media Tower* in Kwun Tong; *Bhotai Industrial Building & Shan Ling Industrial Building* in Tuen Mun; and *commercial and car park complexes at Sui Wo Court* in Sha Tin.

The Group also generated rental income from numerous retail spaces in popular shopping districts. Key investment properties include *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. 81, 83 Nathan Road, Nos. 35-37 Haiphong Road* and *Nos. 25-29 Hankow Road* in Tsim Sha Tsui; *the pulse* in Repulse Bay; *retail shops of Fairview Height* at Mid-levels, *Fitfort Shopping Arcade* in North Point, and *retail shops at Level 3, New Town Commercial Arcade* in Tuen Mun.

The Group continued making progress with its revitalisation projects, which allow relaxation of the maximum permissible non-domestic plot ratio by up to 20%, pursuant to the government's revitalisation scheme. Town planning approvals have been obtained for revitalisation of *Topy Tower, New Media Tower, Bhotai Industrial Building & Shan Ling Industrial Building*.

– *Mainland China*

Located in Chang'an Avenue East, Beijing, ***Emperor Group Centre Beijing*** is a 28-storey (excluding three-storey basement with parking facilities) Grade-A office tower and premier shopping mall with premium cinema, encompassing a gross floor area of approximately 1,062,000 square feet. It becomes an important part of Yong'anli CBD and marked a major milestone for the Group in developing upscale significant commercial projects in mainland China. It has therefore attracted reputable office tenants, multiple international superior jewellery, watch, and high-quality lifestyle product brands, as well as special trendy food and beverage tenants from different countries. ***Emperor Group Centre Beijing*** gives full play to advanced structural systems, intelligent technology, and energy-saving technology to create a new commercial image with a balance between environment and urban economic development.

– *Macau*

With a gross floor area of approximately 30,000 square feet, ***Emperor Nam Van Centre*** is a multi-storey premium retail complex on the Macau Peninsula. Located at the centre of Macau Peninsula's gaming district, ***Emperor Nam Van Centre*** has become a prime shopping location with a blend of shopping and lifestyle offerings, featuring a department store, sportswear outlet and jewellery store.

– *London*

The Group owns a 7-storey (including basement) retail and office complex at ***Nos. 181-183*** as well as ***Ampersand Building*** at ***Nos. 111-125*** on ***Oxford Street, London***. ***Ampersand Building*** is an 8-storey (including basement) composite building comprising retail spaces, office premises and apartments under lease with a net internal area of approximately 91,000 square feet (for retail and office portions only). Located in the prime retail and vibrant SOHO office area of London's West End, it is also in close proximity to the Tottenham Court Road Crossrail development, thereby enjoying significant pedestrian traffic and excellent accessibility.

Future Projects

– *Hong Kong*

The Group continually strives to enhance the value and maximise the potential rental income of its premises by undertaking various redevelopment and revitalisation programmes. The site at ***Nos. 75-85 Lockhart Road***, Wan Chai, will be transformed into a Grade-A office building with a gross floor area of approximately 96,000 square feet. The project is scheduled for completion in 2021 and is now in the process of pre-leasing. The redevelopment will create a vibrant building in the heart of Wan Chai – one of the core commercial districts on Hong Kong Island – and presents significant value-creation opportunities to the Group.

With a gross floor area of over 178,000 square feet, the 14-storey industrial building located at **No. 4 Kin Fat Lane**, Tuen Mun, will be transformed into a commercial building through a wholesale conversion scheme, and will support diverse functions such as food and beverage, retail and offices. The alteration and addition works will be completed soon, and it is now recruiting tenants.

– *London*

Occupying a prominent commercial and shopping location in London, which is popular with international visitors, the site at **No. 27 Oxford Street** will be redeveloped into a composite of retail and office building with a gross floor area of approximately 20,000 square feet, for long-term investment purposes. The redevelopment project entails restoring the building's historic street-front facades, along with the construction of a 9-storey building that houses retail shops and offices. The redevelopment project will be completed soon, and it is now in the process of pre-leasing.

– *Mainland China*

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.

Property Sales

The Group pursues a strategy of providing quality residential properties including luxury composite buildings in popular urban areas, and low-rise detached houses in unique spots, with convenient access to transportation networks. A steady development pipeline has been established, which will provide medium-term contributions to the sale of residential units, for earnings visibility.

Projects launched for sale

Peak Castle is a luxurious low-rise development of 14 detached and semi-detached houses in Siu Lam, Tuen Mun. It is well served by a superb transportation network comprising Hong Kong-Shenzhen Western Corridor and Hong Kong-Zhuhai-Macau Bridge, as well as the coming Tuen Mun-Chek Lap Kok Link. As at 30 September 2020, only 1 detached house remained unsold.

Located at Nos. 8-10A Mosque Street, Mid-Levels, **Central 8** is a 29-storey (including lower ground floor) boutique residential tower with a gross floor area of approximately 34,000 square feet, offering 99 units with studio to 2-bedroom layouts. Adjacent to SOHO area and Lan Kwai Fong, it is in close proximity to the Central-Mid-Levels Escalator, with convenient access to the central business district. Superstructure work is almost finalised, and pre-sale was launched during the Period. As at 30 September 2020, the sales contracts of 39 units were committed, and the relevant sales amounts of approximately HK\$305.3 million may be recognised subsequent to the Period.

Projects to be launched soon

A prime residential site at **No. 9 Ching Lai Road**, Tai Lam, Tuen Mun, will be developed into 8 luxurious detached houses with sea views, encompassing a gross floor area of approximately 29,000 square feet. With close proximity to new transportation infrastructure such as Hong Kong-Shenzhen Western Corridor, the Hong Kong-Zhuhai-Macau Bridge and the coming Tuen Mun-Chek Lap Kok Link, the project has convenient access to the cities in the Greater Bay Area. It is also close to the prestigious Harrow International School. The occupation permit has been obtained and the project is expected to be fully completed in 2021. The sales activities will commence thereafter.

A 40% owned signature luxury residential project on Hong Kong Island South by the Group, **Rural Building Lot No. 1198, Shouson Hill**, boasts a gross floor area of approximately 88,000 square feet. In proximity to Aberdeen Tunnel and a network of prestigious schools, the site will be developed into 15 low-density luxury villas, complemented by comprehensive auxiliary facilities. The occupation permit has been obtained and the project is expected to be fully completed in 2021. It will soon be launched to the market.

Other projects under development

With the successful extension of MTR to Kennedy Town, it becomes a popular urban area in Hong Kong Island. The site at **Nos. 24-26A, Davis Street**, Kennedy Town, will be redeveloped into a 22-storey residential and retail tower, and is planned to be completed in 2022. The pre-sale is expected to be launched in 2021.

The site at **Nos. 20-26 Old Bailey Street & No.11 Chancery Lane**, Central, is planned for redevelopment into a 26-storey boutique luxury residential tower. Adjacent to SOHO area and Lan Kwai Fong, it is in close proximity to Central-Mid-Levels Escalator, with convenient access to the central business district. The redevelopment is planned to be completed in 2023.

No. 1 Wang Tak Street, Happy Valley, a site previously occupied by Emperor (Happy Valley) Hotel, will be redeveloped into a 27-storey residential tower with a gross floor area of approximately 58,000 square feet. Happy Valley is a traditional luxury residential location on Hong Kong Island, with easy access to major shopping and business districts such as Causeway Bay and Wan Chai, and in close proximity to major facilities such as the Hong Kong Jockey Club, Hong Kong Sanatorium & Hospital and Hong Kong Stadium. Demolition work has completed and the project is planned to be completed in 2023.

The existing building at **Nos. 24-30 Bonham Road**, Mid-levels, will be demolished and redeveloped into a 27-storey residential complex with a gross floor area of approximately 104,000 square feet. Close to railway network, it is just 5 minutes walk away from the Sai Ying Pun MTR station. The redevelopment is planned to be completed in 2023.

The existing buildings at *Nos. 74-80 Old Main Street Aberdeen*, Aberdeen, will be demolished and redeveloped into a 23-storey residential and retail building with a gross floor area of approximately 38,000 square feet. Located in Aberdeen town centre, it is conveniently accessed by a variety of public transport. The redevelopment is planned to be completed in 2023.

The redevelopment project at *No. 127 Caine Road*, Mid-levels, is planned to be redeveloped into a 23-storey residential and retail tower with a gross floor area of approximately 25,000 square feet. It is around 3 minutes and 5 minutes walk from PMQ and SOHO areas, respectively, and has convenient access to several leisure spots and multinational restaurants in Mid-levels. The redevelopment is planned to be completed in 2024.

Hotel and Hotel Related Operations

Reflecting the Group's dedication to developing hospitality business, *Emperor Hotels Group* has been established to cover several hotels and serviced apartments in Hong Kong and Macau. In Hong Kong, it currently covers *The Emperor Hotel*, *The Unit Serviced Apartments*, and *MORI MORI Serviced Apartments*. In Macau, it includes *Grand Emperor Hotel* and *Inn Hotel Macau*, where income from hospitality and gaming operations has been consolidated within the Group.

– *Hong Kong*

The Emperor Hotel, a 29-storey hotel in Wan Chai, offers 299 guest rooms together with leisure, dining and parking facilities. With a gross floor area of approximately 115,000 square feet, it is a signature hotel project under *Emperor Hotels Group*, which can further enhance its brand recognition in the hospitality segment.

The Unit Serviced Apartments, a 21-storey, 68-unit block in Happy Valley, is a highly sought-after residence given its ease of access to the central business district. The area is vibrant, conveniently located near Hong Kong's commercial districts, and affords easy access to Hong Kong Jockey Club and Hong Kong Stadium for international sports events, and Hong Kong Sanatorium & Hospital for medical check-ups, helping to ensure solid short-term leasing demand.

Situated at the vibrant junction of Wan Chai and Causeway Bay, *MORI MORI Serviced Apartments* provides 18 stylish serviced apartments for expats, MICE visitors, business travellers and overseas professionals, on short- and long-term leases. With state-of-the-art facilities and professional customer services, *MORI MORI Serviced Apartments* redefines the contemporary way of life. During the Period, *MORI MORI Serviced Apartments* was awarded "Best Luxury Serviced Apartment" at The Squarefoot Serviced Apartments Awards 2020, in recognition of its business philosophy and high-end, modern design concepts.

– *Macau*

Grand Emperor Hotel is another of the Group's flagship projects, located on the Macau Peninsula. With a gross floor area of approximately 655,000 square feet, it is a 26-storey hotel with 311 exquisite guest rooms, fine dining restaurants and bars, as well as gaming facilities. It has won an array of prestigious industry awards.

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

OUTLOOK

The geopolitical situation and the development of the Pandemic are amongst the major factors determining the potential for global economy recovery. The US-China trade dispute remains in question, while Pandemic containment measures are expected to remain in place for the near term, which will continue restraining worldwide business and trade activities. The outlook for the global economy will remain gloomy, and market instability will linger.

Domestically, there are record high vacancy rates of retail shops and office spaces. More surrender of space is expected, as brands and corporations have immediate needs to save on overheads. Leasing demand, especially within the core shopping and central business districts, will remain weak. The Group will closely monitor the market situation, and adjust company strategies accordingly. The Group will continue to look out for commercial buildings with redevelopment value and undertake urban renewal projects in suitable districts, with an aim of maintaining a more balanced investment property portfolio.

The government and banking sector have already adopted a number of measures to support corporations and individuals with relieving cash flow pressure, in an effort to help Hong Kong's economy get through difficult times. Given the limited land supply and underlying demand for the residential units, and a low interest rate environment which will provide considerable support to the local property market, the Group remains cautiously optimistic about the industry outlook in the long term. The Group has a solid pipeline in development properties for the coming few years, and will launch the projects depending on the market situation. With its solid financials, the Group is well positioned to seize the opportunities when the market revives, and will strive to generate stable return for its shareholders.

FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 30 September 2020, the Group's net asset value and net asset value per share amounted to HK\$26,474.3 million (31 March 2020: HK\$27,200.2 million) and HK\$7.20 (31 March 2020: HK\$7.40) per share, respectively.

The Group had cash, bank balances and bank deposits amounted to HK\$3,850.4 million as at 30 September 2020 (31 March 2020: HK\$3,924.1 million). The total external borrowings (excluding payables) was approximately HK\$27,611.9 million (31 March 2020: HK\$27,087.3 million), and the Group's net gearing ratio (measured by net debts as a percentage to its total asset value) was 39.5% (31 March 2020: 38.4%).

To finance its operations, the Group utilises cash flow generated from business operations and maintains multiple channels of funding sources including bank borrowings and bond issuances. During the Period, the Company issued unsecured notes amounting to US\$250.0 million with a coupon interest rate of 4.5% and a tenor of three years due September 2023. As of 30 September 2020, the outstanding principal of the medium-term notes issued by the Group was HK\$5,983.3 million, which were denominated in Hong Kong dollar and United States dollar at fixed rates ranging from 3.15% to 5.0% per annum.

Assets Pledged

As at 30 September 2020, assets with carrying value of HK\$46,257.0 million (31 March 2020: HK\$44,534.8 million) were pledged as security for banking facilities.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff, including Directors' emoluments, was HK\$241.2 million during the Period (2019: HK\$344.0 million). The number of staff was 1,258 as at 30 September 2020 (2019: 1,692). Each employee's remuneration was determined in accordance with the individual's responsibility, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits. The Company has adopted a share option scheme to provide incentives or rewards to the staff.

INTERIM DIVIDEND

The Board declares an interim dividend of HK\$0.012 per share (“**Interim Dividend**”) (2019: HK\$0.035 per share) amounting to approximately HK\$44.1 million (2019: HK\$128.7 million). The Interim Dividend will be payable on 18 December 2020 (Friday) to shareholders whose names appear on the register of members of the Company on 11 December 2020 (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 10 December 2020 (Thursday) to 11 December 2020 (Friday) (both days inclusive), 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 9 December 2020 (Wednesday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2020

		Six months ended 30 September	
		2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
	Notes		
Revenue			
Contracts with customers	3(a)	189,949	724,576
Leases	3(b)	<u>447,554</u>	<u>513,455</u>
Total revenue		637,503	1,238,031
Cost of properties sales		(56,617)	–
Cost of hotel and hotel related operations		(230,069)	(310,354)
Direct operating expenses in respect of leasing of investment properties		<u>(70,459)</u>	<u>(68,894)</u>
Gross profit		280,358	858,783
Other income		59,198	112,704
Fair value changes of investment properties		(981,815)	(1,298,635)
Other gains and losses	5	51,802	667,897
Impairment allowance reversed for trade receivables		5	265
Selling and marketing expenses		(49,342)	(156,701)
Administrative expenses		(181,320)	(220,271)
Share of result of an associate		(6,532)	23,684
Share of result of a joint venture		<u>(51)</u>	<u>(74)</u>
Loss from operations	6	(827,697)	(12,348)
Finance costs		<u>(236,259)</u>	<u>(341,851)</u>
Loss before taxation		(1,063,956)	(354,199)
Taxation charge	7	<u>(3,528)</u>	<u>(85,667)</u>
Loss for the period		<u>(1,067,484)</u>	<u>(439,866)</u>
(Loss) profit for the period attributable to:			
Owners of the Company		(990,157)	(519,311)
Non-controlling interests		<u>(77,327)</u>	<u>79,445</u>
		<u>(1,067,484)</u>	<u>(439,866)</u>
Loss per share	8		
Basic		<u>HK\$(0.27)</u>	<u>HK\$(0.14)</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 September 2020

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss for the period	(1,067,484)	(439,866)
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations:		
– subsidiaries	360,915	(528,332)
– an associate	6,595	(6,107)
Fair value change of debt instruments at fair value through other comprehensive income	854	438
Reclassification adjustments for amounts transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(3,270)	25
Release of assets revaluation reserve upon disposal of subsidiaries	–	(72,796)
Release of hedging reserve upon disposal of hedging instruments in cash flow hedge	–	12,567
Other comprehensive income (expense) for the period	<u>365,094</u>	<u>(594,205)</u>
Total comprehensive expense for the period	<u>(702,390)</u>	<u>(1,034,071)</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(624,438)	(1,113,630)
Non-controlling interests	(77,952)	79,559
	<u>(702,390)</u>	<u>(1,034,071)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		At 30 September 2020 (unaudited) HK\$'000	At 31 March 2020 (audited) HK\$'000
	Notes		
Non-current assets			
Investment properties	10	44,499,486	44,690,869
Property, plant and equipment	10	3,130,866	3,185,297
Deposits paid for acquisition of investment properties/property, plant and equipment		47,163	15,734
Receivables related to a development project		168,989	162,519
Right-of-use assets		544,227	556,404
Debt instruments at fair value through other comprehensive income		–	35,959
Interest in an associate		170,225	170,162
Interest in a joint venture	11	898,334	813,970
Goodwill		56,683	56,683
Other assets		4,052	4,052
		49,520,025	49,691,649
Current assets			
Inventories		14,918	15,676
Properties held for sale	12	258,896	315,497
Properties under development for sale	10	5,088,960	4,858,713
Trade and other receivables	13	1,395,155	1,417,187
Debt instruments at fair value through other comprehensive income		–	46,415
Taxation recoverable		16,422	17,987
Deposit in designated bank account for development properties		9,609	9,194
Pledged bank deposits		63,351	348
Short-term bank deposits		2,049,173	980,656
Bank balances and cash		1,801,199	2,943,493
		10,697,683	10,605,166
Total current assets		10,697,683	10,605,166

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

		At 30 September 2020 (unaudited) <i>HK\$'000</i>	At 31 March 2020 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	14	919,921	970,763
Contract liabilities		254,413	16,420
Amount due to an associate		136,562	87,556
Amounts due to related companies		1,083,234	1,105,010
Amounts due to non-controlling interests of subsidiaries		41,090	41,090
Taxation payable		305,332	330,774
Unsecured notes – due within one year		1,531,990	1,092,563
Bank borrowings – due within one year		4,694,848	4,540,971
Lease liabilities – due within one year		4,431	4,790
		<u>8,971,821</u>	<u>8,189,937</u>
Total current liabilities			
		<u>1,725,862</u>	<u>2,415,229</u>
Net current assets			
		<u>51,245,887</u>	<u>52,106,878</u>
Total assets less current liabilities			
Non-current liabilities			
Contract liabilities		22,535	18,870
Unsecured notes – due after one year		4,451,279	4,069,203
Bank borrowings – due after one year		15,809,472	16,238,421
Lease liabilities – due after one year		37,328	39,569
Deferred taxation		2,064,504	2,018,611
		<u>22,385,118</u>	<u>22,384,674</u>
		<u>28,860,769</u>	<u>29,722,204</u>
Capital and reserves			
Share capital		36,775	36,775
Reserves		26,437,496	27,163,460
		<u>26,474,271</u>	<u>27,200,235</u>
Equity attributable to owners of the Company		2,386,498	2,521,969
Non-controlling interests		<u>28,860,769</u>	<u>29,722,204</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 and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2020.

The outbreak of COVID-19 and the subsequent quarantine measures as well as the travel restrictions imposed by many countries have had negative impacts to the global economy, business environment and directly and indirectly affect the operations of the Group. On the other hand, governments in different countries have announced some financial measures and supports for corporates to overcome the negative impact arising from the pandemic. As such, the financial positions and performance of the Group were affected in different aspects, including decrease in fair value of investment properties, reduction in revenue and profits generated from lease of properties and hotel and hotel related operations.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and debt instruments at fair value through other comprehensive income (“**FVTOCI**”) are measured at fair values at the end of each reporting period.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by HKICPA, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2020.

Application of new and amendments to HKFRSs

In the Period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatory effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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

An analysis of the Group revenue is as follows:

(a) Contracts with customers

	Six months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hotel and hotel related operations:		
Recognised over time:		
Service income from gaming operations	51,094	559,548
Hotel room income	25,967	90,387
Others	—	1,411
	<u>77,061</u>	<u>651,346</u>
Recognised at a point in time:		
Food and beverage sales	30,337	72,298
Others	451	932
	<u>30,788</u>	<u>73,230</u>
	107,849	724,576
Sales of properties recognised at a point in time	<u>82,100</u>	<u>—</u>
Revenue from contracts with customers	<u><u>189,949</u></u>	<u><u>724,576</u></u>

(b) Leases

	Six months ended 30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Total revenue arising from leases:		
For operating leases:		
Lease payments that are fixed	441,912	507,295
Variable lease payments depend on an index or a rate	5,642	6,160
	<u>447,554</u>	<u>513,455</u>

4. 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. Segment results represent the profit earned by or loss suffered from each segment without allocation of central administration cost, interest income, gain on disposal of subsidiaries, fair value changes of investment properties, finance costs, gain (loss) on disposal of debt instruments at FVTOCI, gain on disposal of derivative financial instruments, share of result of an associate and share of result of a joint venture. 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	
	2020	2019	2020	2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business segments				
Lease of properties	447,554	513,455	366,902	427,582
Properties development	82,100	–	3,004	(6,650)
Hotel and hotel related operations	107,849	724,576	(237,778)	149,958
	<u>637,503</u>	<u>1,238,031</u>	<u>132,128</u>	<u>570,890</u>
Interest income			40,808	62,816
Gain on disposal of subsidiaries			–	712,585
Corporate expenses, net			(15,505)	(103,560)
Fair value changes of investment properties			(981,815)	(1,298,635)
Finance costs			(236,259)	(341,851)
Gain (loss) on disposal of debt instruments at FVTOCI			3,270	(31)
Gain on disposal of derivative financial instruments			–	19,977
Share of result of an associate			(6,532)	23,684
Share of result of a joint venture			(51)	(74)
Loss before taxation			(1,063,956)	(354,199)
Taxation charge			(3,528)	(85,667)
Loss for the period			<u>(1,067,484)</u>	<u>(439,866)</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Gain on disposal of subsidiaries (<i>note 15</i>)	–	712,585
Gain on disposal of derivative financial instrument	–	19,977
Government subsidy	13,834	–
Net exchange gain (loss)	37,968	(51,687)
Written-off of an amount due from an associate	–	(12,978)
	<u>51,802</u>	<u>667,897</u>

6. LOSS FROM OPERATIONS

Loss from operations for the Period has been arrived at after charging depreciation of approximately HK\$90,237,000 (2019: HK\$76,893,000) in respect of the Group's property, plant and equipment and approximately HK\$12,177,000 (2019: HK\$10,485,000) in respect of the Group's right-of-use assets.

7. TAXATION CHARGE

	Six months ended 30 September	
	2020 (unaudited) HK\$'000	2019 (unaudited) HK\$'000
Taxation charge comprises:		
<i>Current tax</i>		
Hong Kong Special Administrative Region (“ Hong Kong ”) Profits Tax	19,598	33,751
Macau Special Administrative Region (“ Macau ”) Complementary Tax	166	22,421
United Kingdom (“ UK ”) Income Tax	852	918
The People's Republic of China (“ The PRC ”) Enterprise Income Tax	398	465
	<u>21,014</u>	<u>57,555</u>
<i>Under(over)provision in respect of prior years</i>		
Hong Kong Profits Tax	394	(1,420)
UK Income Tax	5	(118)
	<u>399</u>	<u>(1,538)</u>
<i>Deferred taxation (credit) charge</i>	<u>(17,885)</u>	<u>29,650</u>
	<u>3,528</u>	<u>85,667</u>

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

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

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

Under the Law of The PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of The PRC subsidiaries is 25% for both periods.

8. LOSS PER SHARE

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

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Loss		
Loss (loss for the period attributable to owners of the Company) for the purpose of basic loss per share	<u>(990,157)</u>	<u>(519,311)</u>

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic loss per share	<u>3,677,545,667</u>	<u>3,677,545,667</u>

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

9. DIVIDEND

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend of HK\$0.035 per share for the year ended 31 March 2020 paid during the period (year ended 31 March 2019: HK\$0.063)	<u>128,714</u>	<u>231,685</u>

The Board has resolved to declare an interim dividend of HK\$0.012 (2019: HK\$0.035) per share amounting to approximately HK\$44,131,000 (2019: HK\$128,714,000).

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

Investment properties

All of 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\$241,590,000 (2019: HK\$1,141,481,000).

The fair values of the Group's investment properties at 30 September 2020 and 31 March 2020 have been arrived at on the basis of a valuation carried out on those date by Memfus Wong Surveyors Limited, Colliers International (Hong Kong) Limited, Cushman & Wakefield Limited and Jones Lang LaSalle Limited, independent firms of qualified professional property valuers (the "Valuers") not connected with the Group, in accordance with the HKIS Valuation Standards 2017 issued by Hong Kong Institute of Surveyors or International Valuation Standards 2017 issued by the Royal Institution of Chartered 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 value 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 account for differences in the locations and other factors specifically to determine the potential sales proceeds, and deducting the development costs and required profit margin 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\$981,815,000 (2019: HK\$1,298,635,000) 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 or incurred additional costs on property, plant and equipment and properties under development for sale amounting to approximately HK\$23,530,000 and HK\$127,432,000 (2019: HK\$65,545,000 and HK\$545,396,000) respectively.

11. INTEREST IN A JOINT VENTURE

Interest in a joint venture represents interest in Superb Land Limited in 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 2020, the Group has given a corporate guarantee of HK\$932,000,000 (31 March 2020: HK\$941,600,000) to a bank in respect of its shares of banking facilities granted to Talent Charm, of which HK\$908,084,000 (31 March 2020: HK\$829,357,000) has been utilised. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

12. PROPERTIES HELD FOR SALE

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

	At 30 September 2020 (unaudited) HK\$'000	At 31 March 2020 (audited) HK\$'000
Hong Kong	258,444	315,061
The PRC	452	436
	<u>258,896</u>	<u>315,497</u>

13. TRADE AND OTHER RECEIVABLES

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

	At 30 September 2020 (unaudited) <i>HK\$'000</i>	At 31 March 2020 (audited) <i>HK\$'000</i>
0 – 30 days	36,811	25,493
31 – 90 days	2,080	3,447
91 – 180 days	2,584	1,261
Over 180 days	<u>12,900</u>	<u>12,900</u>
	54,375	43,101
Chips on hand	54,414	69,277
Other receivables	411,111	343,209
Deposits and prepayments	<u>875,255</u>	<u>961,600</u>
	<u><u>1,395,155</u></u>	<u><u>1,417,187</u></u>

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

No credit period was granted to tenants for rental of premises. Before accepting any new tenant, the Group will internally assess the credit quality of the potential tenant. No credit period was granted to hotel customers generally except for those high quality 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 credit approved 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.

As at 30 September 2020, included in other receivables are amounts due from related companies of HK\$37,564,000 (31 March 2020: HK\$44,741,000). These related companies are indirectly controlled by private discretionary trusts which are also founded by Dr. Yeung Sau Shing, Albert, deemed substantial shareholder of the Company. The amounts are unsecured, interest-free and repayable within one year.

14. TRADE AND OTHER PAYABLES

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

	At 30 September 2020 (unaudited) HK\$'000	At 31 March 2020 (audited) HK\$'000
0 – 90 days	55,337	54,930
91 – 180 days	45	–
Over 180 days	<u>110</u>	<u>–</u>
	55,492	54,930
Amount due to a shareholder of an associate (<i>Note</i>)	1,351	1,299
Construction payables and accruals	333,777	352,655
Rental deposits received	291,129	320,516
Other payables and accruals	<u>238,172</u>	<u>241,363</u>
	<u><u>919,921</u></u>	<u><u>970,763</u></u>

Note: The amount due to a shareholder of an associate is unsecured, interest-free and repayable on demand.

15. GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months period ended 30 September 2019, the Group had disposed of the following subsidiaries:

On 8 February 2019, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in Keenrise Holdings Limited and its subsidiary (“**Keenrise Group**”) to an independent third party for a total consideration of approximately HK\$1,100,000,000. Keenrise Group is an indirect wholly-owned subsidiaries of the Company which held a property located at No. 60 Portland Street, Hong Kong. The disposal was completed on 10 June 2019 with a gain of HK\$712,585,000.

REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu (Registered Public Interest Entity Auditor), 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 has 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 Board has adopted its own code of conduct regarding securities transactions by Directors ("**EIHL Securities Code**") on no less exacting terms than the required standards set out in Appendix 10 of the Listing Rules regarding 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 had 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 throughout the Period.

PURCHASE, SALE, REDEMPTION AND ISSUANCE OF THE COMPANY'S LISTED SECURITIES

During the Period, the Company has repurchased medium term notes (Stock Code: 4326) due in September 2021 in an aggregate principal amount of US\$200,000 on 10 August 2020 and subsequently cancelled the same on 21 August 2020 leaving the remaining principal amount of the notes at US\$199,800,000.

On 20 August 2020, the Company commenced the exchange offer upon the terms and subject to the conditions in the exchange offer memorandum dated 20 August 2020. Medium term notes in a total of US\$143,200,000 (representing about 71.67% of the outstanding US\$199,800,000 notes (Stock Code: 4326)) had been converted into new notes. Such new notes together with additional new notes in an aggregate principal sum of US\$250,000,000 bearing a coupon interest rate 4.5% were issued on 3 September 2020 in a single series due September 2023 and listed on the Hong Kong Stock Exchange (Stock Code: 40367) on 4 September 2020. Hence, the remaining principal amount of the medium term notes (Stock Code: 4326) due September 2021 was US\$56,600,000. Save as disclosed above, neither the Company nor its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of Stock Exchange at (<https://www.hkexnews.hk>) and the Company at (<https://www.emperorint.com>). The interim report of the Company for the Period will be dispatched to the shareholders of the Company and will be available on the aforesaid websites in due course.

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

Hong Kong, 25 November 2020

As at the date hereof, the Board comprises:

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