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英皇國際集團有限公司
Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)
 (Stock Code: 163)

2022/2023 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the “**Board**” or “**Directors**”) of Emperor International Holdings Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 September 2022 (the “**Period**”).

	For the six months ended	
	30 September	
	2022	2021
	HK\$'000	HK\$'000
Total revenue	541,245	1,392,682
— Rental income	430,692	440,465
— Property sales	14,003	731,674
— Hotel and hotel related operations	96,550	220,543
Gross profit	230,995	409,198
Fair value (loss)/gain on investment properties	(899,695)	197,889
Underlying (loss) attributable to the owners of the Company ¹	(26,847)	(27,377)
(Loss)/profit attributable to the owners of the Company	(956,441)	233,242
Basic (loss)/earnings per share	HK\$(0.26)	HK\$0.06
Interim dividend per share	HK\$0.005	HK\$0.015

¹ Representing loss for the period before fair value changes and impairment losses and relevant deferred taxes

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

As a result of a tough business operating environment, the Group's total revenue was HK\$541.2 million (2021: HK\$1,392.7 million) during the Period. Despite the sluggish office and retail leasing demand during the Period, the Group managed to maintain the rental income broadly stable at HK\$430.7 million (2021: HK\$440.5 million), representing 79.6% (2021: 31.6%) of total revenue.

Contracted sales of approximately HK\$1,305.2 million from *No. 15 Shouson* were achieved during the Period, nevertheless it can be booked and recorded subsequent to the Period only, hence revenue from the sales of property development decreased to HK\$14.0 million (2021: HK\$731.7 million), accounting for 2.6% (2021: 52.5%) of total revenue.

With tourism and hospitality sectors yet to recover fully, plus the discontinuation of gaming revenue during the Period, revenue from the hospitality segment decreased to HK\$96.6 million (2021: HK\$220.5 million), which accounted for 17.8% (2021: 15.9%) of the total revenue.

Gross profit was HK\$231.0 million (2021: HK\$409.2 million). Due to a drop in the total revenue and a fair value loss of HK\$899.7 million (2021: fair value gain of HK\$197.9 million) being recorded, loss for the Period attributable to the owners of the Company of HK\$956.4 million (2021: profit of HK\$233.2 million) was recorded. Basic loss was HK\$0.26 (2021: basic earnings of HK\$0.06) per share. The Board has resolved to declare an interim dividend of HK\$0.005 (2021: HK\$0.015) per share.

BUSINESS REVIEW

Based in Hong Kong, the Group principally engages in property investment, property development and hospitality businesses. The Group's property portfolio covers a total area of over 5,400,000 square feet in Greater China and the United Kingdom.

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 2,700,000 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.

Hong Kong

Hong Kong accounted for more than 50% of the Group's total gross floor area of investment properties currently for lease. As at 30 September 2022, the occupancy rate of the Group's investment properties in Hong Kong was approximately 90%.

The Group owns many premium offices, commercial and industrial complexes which mainly include ***Emperor Group Centre*** and ***China Huarong Tower*** in Wan Chai; ***Emperor Commercial Centre*** in Central; ***Emperor Hollywood Centre*** in Sheung Wan; ***Lane Up*** and ***Bhotai Industrial Building & Shan Ling Industrial Building*** in Tuen Mun.

The Group continually strives to enhance the value and maximise the potential rental income of its premises by undertaking redevelopment programme. The project at ***No. 81 Lockhart Road***, Wan Chai, has been transformed into a Grade-A office building with a gross floor area of approximately 127,000 square feet. The redevelopment creates 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.

The Group also generated rental income from numerous retail spaces in popular residential and shopping districts. Key investment properties include ***the pulse*** in Repulse Bay; ***Fitfort Shopping Arcade*** in North Point; ***retail shops of Fairview Height*** at Mid-levels; ***retail shops at Level 3, New Town Commercial Arcade*** in Tuen Mun; ***Nos. 8, 20, 22-24 and 50-56 Russell Street*** in Causeway Bay; ***Nos. 81, 83 Nathan Road, Nos. 35-37 Haiphong Road*** and ***Nos. 25-29 Hankow Road*** in Tsim Sha Tsui.

Conveniently located in ***Emperor Group Centre, Mustard Seed***, the Group's co-working space, is designated to offer freelancers, innovators and entrepreneurs a convenient and affordable working space with a host of complimentary amenities. In support of the "Space Sharing Scheme for Youth" introduced by the government, ***Mustard Seed*** offers a wide range of leasing options for young entrepreneurs who are starting their own businesses, and provides a resourceful and supportive environment for gritty entrepreneurs to thrive.

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 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 located at the centre of Macau Peninsula. It has become a prime shopping location with a blend of shopping and lifestyle offerings, featuring a fitness centre, sportswear, cosmetic and jewellery stores.

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 gross floor area of approximately 113,000 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.

The redevelopment project of a 9-storey retail and office building with a gross floor area of approximately 19,300 square feet at ***Nos. 25-27 Oxford Street*** has been completed. It occupies a prominent commercial and shopping location in London that is popular with international visitors and is now recruiting tenants.

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

Located at No. 8 Mosque Street, Mid-Levels, ***Central 8*** is a 29-storey (including lower ground floor) boutique residential tower, 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. Occupation permit has been obtained. As at 30 September 2022, 62 units were sold with an average selling price of over HK\$30,000 per square feet, and the 37 remaining units were available for sale.

Seaside Castle is a prime residential project located at No. 9 Ching Lai Road, Tai Lam, Tuen Mun which comprises 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 and the Hong Kong-Zhuhai-Macau Bridge, the project has convenient access to the cities in the Greater Bay Area. It is also close to the prestigious Harrow International School. The project has been completed. As at 30 September 2022, 2 houses were sold.

No. 15 Shouson, located in Southern District, Hong Kong Island, is a signature luxury residential project boasting a gross floor area of approximately 87,200 square feet. In proximity to Aberdeen Tunnel and a network of prestigious schools, the site has been developed into 15 low-density luxury villas, complemented by comprehensive auxiliary facilities. The project was completed during the Period, and was launched to the market in late May 2022. 2 houses were contracted during the Period and the sales amount of approximately HK\$1,305.2 million is expected to be booked and recorded subsequent to the Period. Besides, the Group has completed the acquisition of an additional 10% stake in this project subsequent to the Period, such that the Group's shareholding in this project increased from 40% to 50%, enabling the Group to generate more income in future. The details of the acquisition were set out in the Company announcements dated 16 September and 27 October 2022.

Other projects under development

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. Foundation works are in progress and the project is scheduled for completion in 2024.

The existing buildings at **Nos. 24-30 Bonham Road**, Mid-levels, have been demolished and will be redeveloped into a 27-storey residential complex with a gross floor area of approximately 105,500 square feet. It is just 5 minutes walk away from the Sai Ying Pun MTR station. The redevelopment is scheduled for completion in 2024.

The existing buildings at **Nos. 72-80 Old Main Street Aberdeen**, Aberdeen, have been demolished and will be redeveloped into a 23-storey residential and retail building with a gross floor area of approximately 50,300 square feet. Located in Aberdeen town centre, it is conveniently accessed by a variety of public transport. The redevelopment is scheduled for completion in 2024.

The existing building 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 scheduled for completion in 2025.

Hotel and Hotel Related Operations

During the Period, the Group completed the disposal of a 22-storey serviced apartments located on Davis Street, Hong Kong — namely *The Unit Davis*, at a consideration of HK\$490.0 million, to Emperor Entertainment Hotel Limited (“**Emperor E Hotel**”; Hong Kong stock code: 296), a subsidiary of the Group which specialises in hospitality services. The recurrent income from *The Unit Davis* will continue to be consolidated to the Group. The net proceeds from this disposal will improve the liquidity of the Group and save an additional reserve for supporting its business development in future. The details of this disposal were set out in the joint announcement of the Company and Emperor E Hotel dated 15 July 2022.

As at 30 September 2022, Emperor E Hotel owned a total of six hotels and serviced apartments in Hong Kong and Macau, as follows:

- *The Emperor Hotel* and three blocks of *The Unit Serviced Apartments* — namely *The Unit Morrison Hill* (formerly known as MORI MORI), *The Unit Happy Valley* (formerly known as The Unit) and *The Unit Davis* — in Hong Kong;
- *Grand Emperor Hotel* and *Inn Hotel Macau* in Macau.

Emperor E Hotel ceased its gaming operation in *Grand Emperor Hotel* with effect from 27 June 2022, which was subsequently taken up and run by SJM Resorts, S.A. (“**SJM**”) from 27 June 2022 to 31 December 2022. Therefore, Emperor E Hotel entered into a service agreement with SJM for the provision of the hotel rooms, catering and other ancillary services for the gaming operation run by SJM in *Grand Emperor Hotel* from 27 June 2022 to 31 December 2022. The recurrent income from the provision of the hotel rooms, catering and other ancillary services to SJM will continue to be consolidated to the Group.

OUTLOOK

A number of ongoing unfavourable factors including geo-political tension, uncertainties in China’s economic development, stock market turbulence and interest rate hikes in response to inflation in certain countries have led to an unstable macroeconomic environment, hence weakening the overall investment and consumption sentiment. Regarding the Covid-19 pandemic, domestic quarantine arrangements have eased further subsequent to the Period, but the rebound in the number of visitor arrival is yet to be seen.

In the office market, demand will remain weak in the near term pending the recovery of business environment and the return of business travellers. In the meantime, vacancies as well as office supply have been increasing, adding pressure to the market and leading to an even competitive landscape. For the retail market, the government's Consumption Voucher Scheme has stimulated retail sales, resulting in an overall positive influence on retail rents.

Despite the near-term headwinds and a lacklustre economy, Hong Kong remains an attractive investment spot within the Asia Pacific region in the long run, considering its strategic role in the Greater Bay Area and role as a vital link for access to the China market. During the time of economic instability, the Group has strived to maintain a balanced investment property portfolio to diversify business risk, and established a solid development properties pipeline, with an aim of seizing the opportunities when the market revives.

FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 30 September 2022, the Group's net asset value and net asset value per share amounted to HK\$24,773.5 million (31 March 2022: HK\$26,765.8 million) and HK\$6.74 (31 March 2022: HK\$7.28) per share, respectively.

The Group had cash, bank balances and bank deposits amounted to HK\$1,568.4 million (31 March 2022: HK\$1,567.2 million) as at 30 September 2022. The total external borrowings (excluding payables) was approximately HK\$22,093.5 million (31 March 2022: HK\$22,711.0 million), and the Group's net gearing ratio (measured by net debts as a percentage to its total asset value) was 39.7% (31 March 2022: 38.7%).

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. As at 30 September 2022, the outstanding principal of the medium-term notes issued by the Group was HK\$1,446.1 million (31 March 2022: HK\$1,442.4 million), which were denominated in Hong Kong dollar and United States dollar at fixed rates ranging from 3.2% to 4.9% per annum.

The Group's bank balances and cash were denominated in Hong Kong dollars, Renminbi ("RMB"), Macau Pataca and Sterling Pound ("Pound"). The Group is exposed to certain foreign exchange risks caused by market fluctuations in RMB and Pound as a small portion of the Group's bank borrowings were denominated in RMB and Pound. The Group closely monitors its overall foreign exchange exposure and will adopt appropriate measures to mitigate the currency risks, if necessary.

Assets Pledged

As at 30 September 2022, assets with carrying value of HK\$37,544.3 million (31 March 2022: HK\$40,516.3 million) were pledged as security for banking facilities.

APPOINTMENT OF VICE CHAIRMAN OF THE BOARD

During the Period, the Company appointed Mr. Yeung Ching Loong, Alexander (“**Mr. Alex Yeung**”), as the Vice Chairman of the Board. Mr. Alex Yeung assumes greater responsibility for guiding the Group’s major long-term strategic development. In addition, while maintaining the Group’s competitive edge, Mr. Alex Yeung steadily strengthens the Group’s core businesses and management proposition, and develops new and emerging businesses. The details of the appointment were set out in the Company announcement dated 2 May 2022.

EVENT AFTER REPORTING PERIOD

Subsequent to the Period, an acquisition of additional stake in *No. 15 Shouson* was completed on 27 October 2022. Details of which were set out in the Note 17 of this announcement.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff, including Directors’ emoluments, was HK\$252.4 million (2021: HK\$253.4 million) during the Period. The number of staff decreased to 768 (2021: 1,200) as at 30 September 2022 as a result of cessation of gaming operation. 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.

To provide incentive or reward to the staff, the Company has adopted a share option scheme, particulars of which is set out in the section headed “Share Options” of the Company’s interim report.

INTERIM DIVIDEND

The Board declares an interim dividend of HK\$0.005 per share (“**Interim Dividend**”) (2021: HK\$0.015 per share) amounting to approximately HK\$18.4 million (2021: HK\$55.2 million). The Interim Dividend will be payable on 21 December 2022 (Wednesday) to shareholders whose names appear on the register of members of the Company on 13 December 2022 (Tuesday).

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 12 December 2022 (Monday) to 13 December 2022 (Tuesday) (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on 9 December 2022 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2022

		Six months ended	
		30 September	
		2022	2021
		(unaudited)	(unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue			
Contracts with customers	3(a)	110,553	952,217
Leases	3(b)	430,692	440,465
Total revenue		541,245	1,392,682
Cost of properties sales		(12,652)	(658,963)
Cost of hotel and hotel related operations		(227,045)	(254,763)
Direct operating expenses in respect of leasing of investment properties		(70,553)	(69,758)
Gross profit		230,995	409,198
Other income		76,106	48,817
Fair value changes of investment properties		(899,695)	197,889
Other gains and losses	5	(59,772)	54,442
Impairment allowance recognised for trade receivables		(590)	(871)
Selling and marketing expenses		(37,262)	(132,138)
Administrative expenses		(150,672)	(194,504)
Share of result of an associate		(1,034)	42
Share of result of a joint venture		(32,539)	(6,622)
(Loss) profit from operations	6	(874,463)	376,253
Finance costs		(219,719)	(193,449)
(Loss) profit before taxation		(1,094,182)	182,804
Taxation credit	7	56,926	6,090
(Loss) profit for the period		<u>(1,037,256)</u>	<u>188,894</u>
(Loss) profit for the period attributable to:			
Owners of the Company		(956,441)	233,242
Non-controlling interests		(80,815)	(44,348)
		<u>(1,037,256)</u>	<u>188,894</u>
(Loss) earnings per share	8		
Basic		<u>HK\$(0.26)</u>	<u>HK\$0.06</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2022

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Loss) profit for the period	(1,037,256)	188,894
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations:		
– subsidiaries	(980,053)	81,595
– an associate	(13,622)	1,860
	<hr/>	<hr/>
Other comprehensive (expense) income for the period	(993,675)	83,455
	<hr/>	<hr/>
Total comprehensive (expense) income for the period	<u>(2,030,931)</u>	<u>272,349</u>
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(1,950,116)	316,697
Non-controlling interests	(80,815)	(44,348)
	<hr/>	<hr/>
	<u>(2,030,931)</u>	<u>272,349</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2022

		At 30 September 2022 (unaudited) HK\$'000	At 31 March 2022 (audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Investment properties	10	39,405,240	41,794,471
Property, plant and equipment	10	2,759,521	2,806,112
Deposits paid for acquisition of investment properties/property, plant and equipment		1,714	1,681
Receivables related to a development project		164,183	183,097
Right-of-use assets	11	476,006	488,962
Interest in an associate		117,730	132,386
Interest in a joint venture	12	964,497	963,157
Goodwill		1,940	1,940
Other assets		3,997	3,997
Pledged bank deposit		–	64,134
		<u>43,894,828</u>	<u>46,439,937</u>
Current assets			
Inventories		11,076	12,014
Properties held for sale	13	655,810	668,509
Properties under development for sale	10	4,828,467	5,262,205
Trade and other receivables	14	593,340	723,474
Taxation recoverable		14,709	21,216
Deposit in designated bank account for development properties		9,525	10,569
Pledged bank deposit		65,123	354
Short-term bank deposits		32,740	314,339
Bank balances and cash		1,535,697	1,252,888
		<u>7,746,487</u>	<u>8,265,568</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

At 30 September 2022

		At 30 September 2022 (unaudited) HK\$'000	At 31 March 2022 (audited) HK\$'000
	Notes		
Current liabilities			
Trade and other payables	15	794,721	889,347
Contract liabilities		8,227	10,491
Amount due to an associate		132,679	147,964
Amounts due to related companies		1,213,139	1,701,327
Amounts due to non-controlling interests of subsidiaries		39,523	39,523
Taxation payable		153,439	149,752
Unsecured notes – due within one year		199,697	199,358
Bank borrowings – due within one year		3,780,435	3,643,614
Lease liabilities – due within one year		2,416	4,337
		<u>6,324,276</u>	<u>6,785,713</u>
Net current assets		<u>1,422,211</u>	<u>1,479,855</u>
Total assets less current liabilities		<u>45,317,039</u>	<u>47,919,792</u>
Non-current liabilities			
Contract liabilities		–	538
Unsecured notes – due after one year		1,246,446	1,243,078
Bank borrowings – due after one year		15,614,280	15,884,126
Lease liabilities – due after one year		33,418	37,638
Deferred taxation		1,749,497	1,986,909
		<u>18,643,641</u>	<u>19,152,289</u>
		<u>26,673,398</u>	<u>28,767,503</u>
Capital and reserves			
Share capital		36,775	36,775
Reserves		24,736,709	26,729,039
		<u>24,773,484</u>	<u>26,765,814</u>
Equity attributable to owners of the Company		24,773,484	26,765,814
Non-controlling interests		1,899,914	2,001,689
		<u>26,673,398</u>	<u>28,767,503</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 on Stock Exchange (“**Listing Rules**”) 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 2022.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values at the end of each reporting period.

Other than changes in accounting policies resulting from application of 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 2022.

Application of amendments to HKFRSs

In the Period, the Group has adopted, for the first time, the following amendments to HKFRSs issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 April 2022 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the above 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's revenue is as follows:

(a) Contracts with customers

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hotel and hotel related operations:		
Recognised over time:		
Service income from gaming operations	24,382	149,731
Hotel room income	34,335	27,347
Others	6,537	–
	<u>65,254</u>	<u>177,078</u>
Recognised at a point in time:		
Food and beverage sales	30,998	43,137
Others	298	328
	<u>31,296</u>	<u>43,465</u>
	96,550	220,543
Sales of properties recognised at a point in time	<u>14,003</u>	<u>731,674</u>
	110,553	952,217
Revenue from contracts with customers	<u><u>110,553</u></u>	<u><u>952,217</u></u>

(b) Leases

	Six months ended 30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Total revenue arising from leases:		
For operating leases:		
Lease payments that are fixed or depend on an index or a rate	425,233	433,561
Variable lease payments that do not depend on an index or a rate	5,459	6,904
	<u>430,692</u>	<u>440,465</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 a subsidiary, finance costs, government subsidies, 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.

Business segments

	Lease of properties	Properties development	Hotel and hotel related operations	Total
For the period ended 30 September 2022	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Segment revenue and results</i>				
Segment revenue				
— from external customers	430,692	14,003	96,550	541,245
Segment results before fair value change and write-downs	359,552	(6,964)	(180,329)	172,259
Fair value decrement in investment properties	(899,695)	—	—	(899,695)
Write-downs of properties under development for sales, net	—	(108,676)	—	(108,676)
Segment results	<u>(540,143)</u>	<u>(115,640)</u>	<u>(180,329)</u>	(836,112)
Interest income				15,974
Gain on disposal of a subsidiary				212,069
Corporate expenses, net				(240,371)
Finance costs				(219,719)
Government subsidies				7,550
Share of result of an associate				(1,034)
Share of result of a joint venture				(32,539)
Loss before taxation				(1,094,182)
Taxation credit				56,926
Loss for the period				<u>(1,037,256)</u>

For the period ended 30 September 2021	Lease of properties <i>HK\$'000</i>	Properties development <i>HK\$'000</i>	Hotel and hotel related operations <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Segment revenue and results</i>				
Segment revenue				
— from external customers	<u>440,465</u>	<u>731,674</u>	<u>220,543</u>	<u>1,392,682</u>
Segment results before fair value change and reversal of write-downs	357,747	6,068	(170,885)	192,930
Fair value increment in investment properties	197,889	–	–	197,889
Reversal of write-downs of properties under development for sales, net	–	60,449	–	60,449
Reversal of write-downs of properties held for sale	<u>–</u>	<u>464</u>	<u>–</u>	<u>464</u>
Segment results	<u><u>555,636</u></u>	<u><u>66,981</u></u>	<u><u>(170,885)</u></u>	451,732
Interest income				23,314
Corporate expenses, net				(92,263)
Finance costs				(193,449)
Government subsidies				50
Share of result of an associate				42
Share of result of a joint venture				<u>(6,622)</u>
Profit before taxation				182,804
Taxation credit				<u>6,090</u>
Profit for the period				<u><u>188,894</u></u>

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Net exchange loss	(163,165)	(6,471)
(Write-downs) reversal of write-downs of properties under development for sale, net (<i>Note</i>)	(108,676)	60,449
Reversal of write-downs of properties held for sale	–	464
Gain on disposal of a subsidiary (<i>note 16</i>)	212,069	–
	<u>(59,772)</u>	<u>54,442</u>

Note: During the Period, the Directors reviewed the net realisable value of the properties under development for sale with reference to the current market environment and recognised write-downs of HK\$108,676,000 (2021: reversed previously recognised write-downs of HK\$60,449,000).

6. (LOSS) PROFIT FROM OPERATIONS

(Loss) profit from operations for the Period has been arrived at after charging depreciation of approximately HK\$68,567,000 (2021: HK\$84,997,000) in respect of the Group's property, plant and equipment and approximately HK\$10,613,000 (2021: HK\$12,126,000) in respect of the Group's right-of-use assets.

7. TAXATION CREDIT

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Taxation credit comprises:		
Current tax		
Hong Kong Special Administrative Region (“ Hong Kong ”) Profits Tax	(5,998)	(7,498)
Macau Special Administrative Region (“ Macau ”) Complementary Tax	(559)	(872)
United Kingdom (“ UK ”) Income Tax	(3,361)	(8,191)
The People’s Republic of China (“ The PRC ”) Enterprise Income Tax	(702)	(715)
	<u>(10,620)</u>	<u>(17,276)</u>
Overprovision in respect of prior years		
Hong Kong Profits Tax	<u>–</u>	<u>2,043</u>
Deferred taxation credit	<u>67,546</u>	<u>21,323</u>
	<u>56,926</u>	<u>6,090</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 19% 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) EARNINGS PER SHARE

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

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Loss) earnings		
(Loss) earnings ((loss) profit for the period attributable to owners of the Company) for the purpose of basic (loss) earnings per share	<u>(956,441)</u>	<u>233,242</u>
	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic (loss) earnings per share	<u>3,677,545,667</u>	<u>3,677,545,667</u>

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

9. DIVIDEND

	Six months ended	
	30 September	
	2022	2021
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend of HK\$0.016 per share for the year ended 31 March 2022 paid during the period (year ended 31 March 2021: HK\$0.012)	58,841	44,131
Special dividend of HK\$0.010 per share declared after the year ended 31 March 2021 paid during the period (2022: Nil)	<u>–</u>	<u>36,775</u>
	<u>58,841</u>	<u>80,906</u>

The Board has resolved to declare an interim dividend of HK\$0.005 (2021: HK\$0.015) per share amounting to approximately HK\$18,388,000 (2021: HK\$55,163,000).

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 consideration of approximately HK\$1,508,000 (2021: HK\$22,025,000).

The fair values of the Group's investment properties at 30 September 2022 and 31 March 2022 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, CBRE Limited, Cushman & Wakefield Debenham Tie Leung Limited, Savills (Macau) Limited and Savills Valuation and Professional Services Limited, independent firms of qualified professional property valuers (the "Valuers") not connected with the Group, in accordance with the HKIS Valuation Standards 2020 issued by Hong Kong Institute of Surveyors or International Valuation Standards 2022 (2021: International Valuation Standards 2020) 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 of fair value of investment properties of approximately HK\$899,695,000 (2021: increase of HK\$197,889,000) 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\$28,474,000 and HK\$150,870,000 (2021: HK\$13,856,000 and HK\$329,558,000) respectively.

11. MOVEMENTS OF RIGHT-OF-USE ASSETS

	Leasehold lands <i>HK\$'000</i>	Land and buildings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Carrying value			
At 1 April 2022 (audited)	476,038	12,924	488,962
Lease modification	–	(2,343)	(2,343)
Depreciation provided for the Period	(9,358)	(1,255)	(10,613)
At 30 September 2022 (unaudited)	466,680	9,326	476,006

12. INTEREST IN A JOINT VENTURE

Interest in a joint venture represents interest in Superb Land Limited (“**Superb Land**”) in which the Group holds 40% equity interest. Superb Land holds 100% interest in Talent Charm Corporation Limited (“**Talent Charm**”), being the property development company of a development project located at No.15 Shouson Hill Road West, Hong Kong.

As at 30 September 2022, the Group has given a corporate guarantee of HK\$932,000,000 (31 March 2022: HK\$932,000,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$932,000,000 (31 March 2022: HK\$932,000,000) has been utilised. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

13. PROPERTIES HELD FOR SALE

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

	At 30 September 2022 (unaudited) <i>HK\$'000</i>	At 31 March 2022 (audited) <i>HK\$'000</i>
Hong Kong	655,370	668,022
The PRC	440	487
	655,810	668,509

14. 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 2022 (unaudited) HK\$'000	At 31 March 2022 (audited) HK\$'000
0 – 30 days	31,064	46,148
31 – 90 days	2,892	3,264
91 – 180 days	4,749	3,289
Over 180 days	<u>12,965</u>	<u>12,972</u>
	51,670	65,673
Chips on hand	–	50,444
Other receivables	158,508	208,961
Deposits and prepayments	<u>383,162</u>	<u>398,396</u>
	<u><u>593,340</u></u>	<u><u>723,474</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 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 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 2022, included in other receivables are amounts due from related companies of HK\$39,802,000 (31 March 2022: HK\$38,236,000). These related companies are indirectly controlled by private discretionary trusts which are also founded by Dr. Yeung Sau Sing, Albert (“**Dr. Albert Yeung**”), a deemed substantial shareholder of the Company. The amounts are unsecured, interest-free and repayable on demand.

15. 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 2022 (unaudited) HK\$'000	At 31 March 2022 (audited) HK\$'000
0 – 90 days	28,271	25,115
91 – 180 days	1,963	81
Over 180 days	15	26
	<hr/>	<hr/>
	30,249	25,222
Amount due to a shareholder of an associate (<i>Note</i>)	1,312	1,463
Construction payables and accruals	326,932	357,854
Rental deposits received	272,397	283,214
Other payables and accruals	163,831	221,594
	<hr/>	<hr/>
	794,721	889,347
	<hr/> <hr/>	<hr/> <hr/>

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

16. DISPOSAL OF SUBSIDIARIES

During the six months period ended 30 September 2022, the Group had disposed of the following subsidiary:

On 30 December 2021, Emperor Property Development Limited (“**EPDL**”) entered into a sale and purchase agreement to dispose of the entire equity interest in Earn Benefit Limited (“**Earn Benefit**”), an indirect wholly-owned subsidiary of the Company, which held a site located at Nos. 67–77 Nam On Street, Shau Kei Wan, Hong Kong, and all loan due by Earn Benefit to EPDL to an independent third party at a total adjusted consideration of approximately HK\$690,915,000. The disposal was completed on 29 April 2022 with a gain of HK\$212,069,000.

During the six months period ended 30 September 2021, the Group had disposed of the following subsidiaries:

On 21 April 2021, Emperor Property Investment Limited (“**EPIL**”) entered into a sale and purchase agreement to dispose of the entire equity interests in Jade Talent Holdings Limited and its subsidiary (“**Jade Talent Group**”), indirect wholly-owned subsidiaries of the Company, which held a property located at 82 Hung To Road, Kowloon, and all loan due by Jade Talent Group to EPIL to an independent third party at a total adjusted consideration of approximately HK\$485,713,000. The disposal was completed on 21 April 2021.

17. EVENT AFTER THE REPORTING PERIOD

On 27 October 2022, an indirect wholly-owned subsidiary of the Company completed the acquisition of additional 10% of the entire issued shares in Superb Land and the loan due by Superb Land from one of the project partners, at a consideration of HK\$325,000,000 (“**the Acquisition**”). After the completion of the Acquisition, the Group’s interest in Superb Land increased from 40% to 50%. In addition, corporate guarantee given by the Company in favour of bank for bank facilities of HK\$2,330,000,000 granted to Talent Charm increased from 40% to 50% of the amount of facility. Details of the Acquisition and the provision of additional corporate guarantee were set out in the announcements of the Company dated 16 September 2022 and 27 October 2022.

REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been reviewed nor audited 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 of Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Model Code for Securities Transactions

The Company has adopted its own code of conduct regarding securities transactions by Directors (“**EIHL Securities Code**”) on no less exacting terms than the required standards as set out in Appendix 10 to the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”). Having made specific enquiry of the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the 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 OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had 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 (<https://www.hkexnews.hk>) and the Company (<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, 24 November 2022

As at the date of this announcement, the Board comprises:

Non-executive Director:

Ms. Luk Siu Man, Semon

Executive Directors:

Mr. Yeung Ching Loong, Alexander
Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa
Mr. Cheung Ping Keung

Independent Non-executive Directors:

Mr. Chan Hon Piu
Mr. Chu Kar Wing
Mr. Poon Yan Wai