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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 ANNUAL RESULTS ANNOUNCEMENT

The board of directors (the “Board” or “Directors”) of Emperor International Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2021 (the “Year”).

FINANCIAL SUMMARY	For the year ended	
	31 March	
	2021	2020
	HK\$'000	HK\$'000
Total revenue	1,317,082	2,365,382
– Rental income	898,724	1,007,719
– Property sales	82,208	145,250
– Hotel and hotel related operations	336,150	1,212,413
Gross profit	647,342	1,506,653
Fair-value loss on investment properties	(1,210,598)	(4,129,522)
Loss attributable to the owners of the Company	(767,448)	(3,644,359)
Basic loss per share	HK\$(0.21)	HK\$(0.99)
Final dividend per share	HK\$0.012	HK\$0.035
Total dividends per share	HK\$0.024	HK\$0.07

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's total revenue decreased to HK\$1,317.1 million (2020: HK\$2,365.4 million) during the Year. Rental income decreased to HK\$898.7 million (2020: HK\$1,007.7 million), representing 68.2% (2020: 42.6%) of total revenue. The decrease was mainly attributable to softened office leasing demand amid a sluggish economy, as well as rental relief measures that were implemented.

Revenue from the sales of property development was HK\$82.2 million (2020: HK\$145.3 million), which was contributed by the sales income from *Peak Castle*, accounted for 6.2% (2020: 6.1%) of the total revenue. Contracted sales of approximately HK\$357.9 million from *Central 8* were achieved during the Year, and will be recognised in the next financial year.

With the tourism industry still adversely affected by the Covid-19 pandemic, revenue from the hospitality segment declined to HK\$336.2 million (2020: HK\$1,212.4 million), which accounted for 25.5% (2020: 51.3%) of the total revenue.

Gross profit decreased to HK\$647.3 million (2020: HK\$1,506.7 million). With a significant decrease in the revaluation loss of the Group's investment properties to HK\$1,210.6 million (2020: HK\$4,129.5 million), loss for the Year attributable to the owners of the Company decreased to HK\$767.4 million (2020: HK\$3,644.4 million). Basic loss per share was HK\$0.21 (2020: HK\$0.99). The Board recommended a payment of a final dividend of HK\$0.012 (2020: HK\$0.035) per share. Together with the interim dividend of HK\$0.012 (2020: HK\$0.035) per share, the total dividends for the Year are HK\$0.024 (2020: HK\$0.070) per share.

MARKET REVIEW

The Covid-19 pandemic was a catastrophe for the global economy. National lockdown and travel restrictions were enforced in many countries throughout the Year, seriously disrupting economic and trading activities. On the other hand, China has substantially contained the pandemic, and the Chinese government has been relaxing the travel restrictions within the Greater Bay Area, which was beneficial to the economic recovery of Greater Bay Area cities.

Domestically, the office leasing market has stagnated as some corporations are downsizing while others are retreating from the Hong Kong market. In respect of retail spaces, market sentiment started to improve in the second half of the Year, and hence retail leasing demand. Nonetheless, a full recovery is yet to be achieved.

As for the property development market, home buyers' confidence began to pick up as the pandemic in Hong Kong started to stabilise. With a low interest rate environment and relatively resilient market demand, property developers have been gradually resuming sales launches.

BUSINESS REVIEW

During the Year, the Group principally engaged in property investment, property development and hospitality, owning properties with a total area of approximately 6 million square feet in Greater China and overseas.

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 approximately 4,500,000 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 so doing, 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 50% of the Group's total gross floor area of investment properties currently for lease. As at 31 March 2021, the occupancy rate of the Group's investment properties in Hong Kong was around 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; ***Topsy Tower*** in Kwai Chung; ***No. 4 Kin Fat Lane*** and ***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. Town planning approvals have been obtained for revitalisation of ***Topsy Tower*** and ***Bhotai Industrial Building & Shan Ling Industrial Building***, which allow relaxation of the maximum permissible non-domestic plot ratio by up to 20%, pursuant to the government's revitalisation scheme.

During the Year, the Group disposed of several properties, which were primarily retail complexes and industrial building units located out of the prime shopping and business areas, at a consideration of HK\$889.5 million. This allowed the Group to unlock the asset value by disposal of non-core assets, and save additional reserves for seizing future investment opportunities.

Subsequent to the Year, **New Media Tower** was disposed of at an agreed value of HK\$508.0 million, which will further enhance the Group's financial position.

– *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 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 at **No. 27 Oxford Street** was completed in early 2021. Occupying a prominent commercial and shopping location in London that is popular with international visitors, the site has been redeveloped into a 9-storey retail and office building with a gross floor area of approximately 19,000 square feet. The project entailed restoring the building's historic street-front facades.

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 two adjacent buildings at ***Nos. 75-85 Lockhart Road***, Wan Chai, were successfully 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 approximately 179,000 square feet, the 14-storey industrial building located at ***No. 4 Kin Fat Lane***, Tuen Mun, was successfully transformed into a commercial building through a wholesale conversion scheme, and will support diverse functions such as food and beverage, retail and offices. It is now recruiting tenants.

– *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

Located at No. 8 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. Occupation permit has been obtained, and pre-sale was launched during the Year. As at 31 March 2021, the sales contracts of 45 units were committed, with an average selling price of over HK\$30,000 per square feet.

Peak Castle is a luxurious low-rise development of 14 detached and semi-detached houses in Siu Lam, Tuen Mun. Subsequent to the Year, all houses were sold.

Projects to be launched soon

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 during the Year and launched to the market subsequent to the Year.

The project located at ***No. 15 Shouson Hill Road West***, Southern District, Hong Kong Island is a signature luxury residential project which is 40% owned by the Group, boasting a gross floor area of approximately 88,000 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 has been completed during the Year and 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. It is planned to be completed in 2022 and the pre-sale is expected to be launched in the same year.

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 area, respectively, and has convenient access to several leisure spots and multinational restaurants in Mid-levels. The redevelopment is planned to be completed after 2024.

Hotel and Hotel Related Operations – Special Dividend and Event Subsequent to the Year

Subsequent to the Year, 1 hotel and 2 serviced apartments in Hong Kong – **The Emperor Hotel**, **The Unit Serviced Apartments** and **MORI MORI Serviced Apartments** – were disposed of to Emperor Entertainment Hotel Limited (“Emperor E Hotel”; Stock code: 296), a subsidiary of the Group, at a consideration of HK\$2,082.5 million. As a result, the entire hospitality business segment is directly owned by the Emperor E Hotel, while the relevant recurrent income will continue to be consolidated to the Group.

By so doing, the Group can capitalise on its strengthened financial position to enhance its investment properties portfolio and expand its land bank for property development in the future.

On 25 May 2021, the Board resolved to declare the payment of a special dividend of HK\$0.01 per share, totalling approximately HK\$36.8 million, to the shareholders of the Company which shall be made on 25 June 2021. Details of the special dividend were disclosed in the Company’s announcement dated 25 May 2021.

OUTLOOK

Supported by the rollout of vaccination programmes in the second half of the Year, the pandemic in certain countries started to moderate. It is believed that the macro economy will gradually recover from the economic slump, as various governments are striving to rebuild their economies by several means such as fiscal support and creating job opportunities, while central banks have been injecting liquidity into markets to maintain market stability. The proposed vaccination passports, border re-opening and travel bubbles are some other positive factors that will contribute to the recovery.

Closer to the end of the Year, employees of most corporations in Hong Kong have resumed working from the office, restoring confidence in the office leasing market. At the same time, citizens’ lives largely returned to normal – shopping activities resumed and queues at restaurants are again seen, providing a favourable operating environment to retailers and restaurant operators, in turn, to landlords.

Subsequent to the Year, developers have been pushing ahead with sales launches, which are well received by home buyers and investors. Given the limited land supply, underlying demand for residential units, and a low interest rate environment, the Group remains cautiously optimistic about the local residential property market outlook in the long term. The Group has a solid pipeline in development properties for the coming few years, and will launch the project sales at opportune times. The Group will also continue to participate in commercial development opportunities, aiming to maintain a more balanced investment property portfolio.

FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 31 March 2021, the Group's net asset value and net asset value per share amounted to HK\$27,069.5 million (2020: HK\$27,200.2 million) and HK\$7.36 (2020: HK\$7.40) per share, respectively.

The Group had cash, bank balances and bank deposits amounted to HK\$4,133.9 million (2020: HK\$3,924.1 million) as at 31 March 2021. The total external borrowings (excluding payables) was approximately HK\$27,284.4 million (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 38.4% (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 Year, 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 31 March 2021, the outstanding principal of the medium-term notes issued by the Group was HK\$4,905.4 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 31 March 2021, assets with carrying value of HK\$45,617.8 million (2020: HK\$44,534.8 million) were pledged as security for banking facilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group's number of employees was 1,209 (2020: 1,415). Total staff costs including Director's remuneration and the other staff costs for the Year were HK\$488.8 million (2020: 681.9 million). Each employee's remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to the staff, the Company has adopted a share option scheme, particulars of which will be set out in the section headed "Share Options" of the annual report of the Company.

FINAL DIVIDEND

The Board is pleased to recommend the payment of a final dividend of HK\$0.012 (2020: HK\$0.035) per share (“Final Dividend”) for the Year, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company (“AGM”) to be held on 19 August 2021 (Thursday). If being approved, the Final Dividend will be paid on 14 September 2021 (Tuesday) to shareholders whose names appear on the register of members of the Company on 31 August 2021 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

For ascertaining shareholders’ right to attend and vote at AGM

Latest time to lodge transfers	4:30 p.m. on 13 August 2021 (Friday)
AGM	19 August 2021 (Thursday)

For ascertaining shareholders’ entitlement to the proposed Final Dividend

Latest time to lodge transfers	4:30 p.m. on 27 August 2021 (Friday)
Book close dates	30 August 2021 (Monday) to 31 August 2021 (Tuesday) (both days inclusive)
Record date	31 August 2021 (Tuesday)
Final Dividend payment date	14 September 2021 (Tuesday)

In order to qualify for the right to attend and vote at the AGM and for the entitlement to the proposed Final Dividend, all transfers 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 before the above respective latest time.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue			
Contracts with customers	3(a)	418,358	1,357,663
Leases	3(b)	898,724	1,007,719
Total revenue		1,317,082	2,365,382
Cost of properties sales		(56,817)	(119,328)
Cost of hotel and hotel related operations		(463,676)	(603,426)
Direct operating expenses in respect of leasing of investment properties		(149,247)	(135,975)
Gross profit		647,342	1,506,653
Other income		138,176	184,076
Fair value changes of investment properties		(1,210,598)	(4,129,522)
Other gains and losses	5	333,805	170,704
Impairment allowance (recognised) reversed for trade receivables		(1,440)	289
Selling and marketing expenses		(128,799)	(290,457)
Administrative expenses		(386,655)	(502,570)
Finance costs		(412,477)	(674,886)
Share of result of an associate		(54,258)	65,339
Share of result of a joint venture		(68)	(109)
Loss before taxation	6	(1,074,972)	(3,670,483)
Taxation credit	7	204,686	127,121
Loss for the year		(870,286)	(3,543,362)
(Loss) profit for the year attributable to:			
Owners of the Company		(767,448)	(3,644,359)
Non-controlling interests		(102,838)	100,997
		(870,286)	(3,543,362)
Loss per share			
Basic	9	HK\$(0.21)	HK\$(0.99)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	(870,286)	(3,543,362)
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	758,651	(631,562)
– an associate	11,914	(8,662)
Fair value change on hedging instruments in cash flow hedge	–	35,285
Fair value change of debt instruments at fair value through other comprehensive income	854	(4,721)
Reclassification adjustments for amounts transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	(3,270)	4,009
Release of hedging reserve upon disposal of hedging instruments in cash flow hedge	–	(22,718)
	<u>–</u>	<u>(22,718)</u>
Other comprehensive income (expense) for the year	768,149	(628,369)
	<u>768,149</u>	<u>(628,369)</u>
Total comprehensive expense for the year	(102,137)	(4,171,731)
	<u>(102,137)</u>	<u>(4,171,731)</u>
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	1,326	(4,272,368)
Non-controlling interests	(103,463)	100,637
	<u>(103,463)</u>	<u>100,637</u>
	(102,137)	(4,171,731)
	<u>(102,137)</u>	<u>(4,171,731)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Investment properties		42,429,471	44,690,869
Property, plant and equipment		3,057,866	3,185,297
Deposits paid for acquisition of investment properties/property, plant and equipment		13,359	15,734
Receivables related to a development project		175,695	162,519
Right-of-use assets		532,049	556,404
Debt instruments at fair value through other comprehensive income		–	35,959
Interest in an associate		127,818	170,162
Interest in a joint venture	10	950,865	813,970
Goodwill		56,683	56,683
Other assets		3,997	4,052
Pledged bank deposit		63,000	–
		47,410,803	49,691,649
Current assets			
Inventories		12,402	15,676
Properties held for sale	11	1,670,021	315,497
Properties under development for sale		5,225,609	4,858,713
Trade and other receivables	12	1,237,560	1,417,187
Debt instruments at fair value through other comprehensive income		–	46,415
Taxation recoverable		38,520	17,987
Deposit in designated bank account for development properties		10,040	9,194
Pledged bank deposit		353	348
Short-term bank deposit		1,415,665	980,656
Bank balances and cash		2,718,277	2,943,493
		12,328,447	10,605,166
Assets classified as held for sale		509,872	–
Total current assets		12,838,319	10,605,166

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	13	861,407	970,763
Contract liabilities		296,066	16,420
Amount due to an associate		141,982	87,556
Amounts due to related companies		498,721	1,105,010
Amounts due to non-controlling interests of subsidiaries		41,090	41,090
Taxation payable		195,014	330,774
Unsecured notes – due within one year		2,391,358	1,092,563
Bank borrowings – due within one year		6,044,633	4,540,971
Lease liabilities – due within one year		3,164	4,790
		10,473,435	8,189,937
Liabilities associated with assets classified as held for sale		34,508	–
Total current liabilities		10,507,943	8,189,937
Net current assets		2,330,376	2,415,229
Total assets less current liabilities		49,741,179	52,106,878
Non-current liabilities			
Contract liabilities		7,330	18,870
Unsecured notes – due after one year		2,514,078	4,069,203
Bank borrowings – due after one year		15,794,478	16,238,421
Lease liabilities – due after one year		36,806	39,569
Deferred taxation		1,985,706	2,018,611
		20,338,398	22,384,674
		29,402,781	29,722,204
Capital and reserves			
Share capital		36,775	36,775
Reserves		27,032,695	27,163,460
Equity attributable to owners of the Company		27,069,470	27,200,235
Non-controlling interests		2,333,311	2,521,969
		29,402,781	29,722,204

NOTES:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The 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”) that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Save as described in note 2, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 31 March 2020.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendment to HKFRS 16 Covid-19-Related Rent Concessions.

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

An analysis of the Group's revenue is as follows:

(a) Contracts with customers

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hotel and hotel related operations:		
Recognised over time:		
Service income from gaming operations	209,075	926,845
Hotel room income	50,693	151,497
Others	–	1,444
	<u>259,768</u>	<u>1,079,786</u>
Recognised at a point in time:		
Food and beverage sales	74,833	129,747
Others	1,549	2,880
	<u>76,382</u>	<u>132,627</u>
	336,150	1,212,413
Sales of properties recognised at a point in time	<u>82,208</u>	<u>145,250</u>
	418,358	1,357,663
Revenue from contracts with customers	<u><u>418,358</u></u>	<u><u>1,357,663</u></u>

(b) Leases

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total revenue arising from leases:		
For operating leases:		
Lease payments that are fixed or depend on an index or a rate	887,059	993,822
Variable lease payments that do not depend on an index or a rate	11,665	13,897
	<u>898,724</u>	<u>1,007,719</u>
	<u><u>898,724</u></u>	<u><u>1,007,719</u></u>

4. SEGMENT INFORMATION

The Group's operating and reportable segments are lease of properties, properties development and hotel and hotel related operations for the purpose of resource allocation and assessment of performance.

The segment information reported externally was analysed on the basis of their products and services provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive directors of the Company, the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

Principal activities of the operating and reportable segments are as follows:

- | | | |
|------------------------------------|---|---|
| Lease of properties | – | Completed investment properties held for rental purpose |
| Properties development | – | Properties development and redevelopment for sale purpose |
| Hotel and hotel related operations | – | Hotel and hotel related operations in Hong Kong and Macau including mass market hall, VIP room and slot machine hall operations and provision of gaming-related marketing and public relation services for Grand Emperor Hotel in Macau |

The CODM review the hotel and hotel related operations in Macau along with that in Hong Kong and hence they are grouped and identified as a single operating segment – hotel and hotel related operations.

Segment results represent the profit earned by or loss suffered from each segment without allocation of central administration costs, interest income, government subsidies, finance costs, gain (loss) on disposal of debt instruments at FVTOCI, share of result of an associate, share of result of a joint venture and unallocated other gains and losses including gain on disposal of subsidiaries, gain on disposal of derivative financial instruments and write-off of an amount due from an associate. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below:

Business segments

For the year ended 31 March 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>898,724</u>	<u>82,208</u>	<u>336,150</u>	<u>1,317,082</u>
Segment results	<u>(494,716)</u>	<u>234,226</u>	<u>(398,019)</u>	<u>(658,509)</u>
Interest income				75,854
Gain on disposal of debt instruments at FVTOCI				3,270
Government subsidies				24,733
Corporate expenses, net				(53,517)
Finance costs				(412,477)
Share of result of an associate				(54,258)
Share of result of a joint venture				(68)
Loss before taxation				(1,074,972)
Taxation credit				<u>204,686</u>
Loss for the year				<u>(870,286)</u>
<i>Other information</i>				
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	–	–	145,013	145,013
Depreciation of right-of-use assets	–	–	24,355	24,355
Fair value decrement in investment properties	1,210,598	–	–	1,210,598
Impairment allowance recognised (reversed)				
for trade receivables	1,539	–	(99)	1,440
Loss on disposal of property, plant and equipment	217	–	30	247
Reversal of write-downs of properties under				
development for sale, net	–	288,595	–	288,595
Write-downs of properties held for sale	–	34,708	–	34,708

Amounts regularly provided to the CODM but not included in the measure of segment results (included in corporate expenses, net):

	<i>HK\$'000</i>
Depreciation of property, plant and equipment, at corporate level	<u>31,873</u>

For the year ended 31 March 2020	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>1,007,719</u>	<u>145,250</u>	<u>1,212,413</u>	<u>2,365,382</u>
Segment results	<u>(3,284,060)</u>	<u>(462,057)</u>	<u>82,520</u>	<u>(3,663,597)</u>
Interest income				119,024
Loss on disposal of debt instruments at FVTOCI				(4,009)
Unallocated other gains and losses				646,787
Corporate expenses, net				(159,032)
Finance costs				(674,886)
Share of result of an associate				65,339
Share of result of a joint venture				<u>(109)</u>
Loss before taxation				(3,670,483)
Taxation credit				<u>127,121</u>
Loss for the year				<u><u>(3,543,362)</u></u>

Other information

Amounts included in the measure of segment results:

Depreciation of property, plant and equipment	–	–	147,497	147,497
Depreciation of right-of-use assets	–	–	21,784	21,784
Fair value decrement in investment properties	4,129,522	–	–	4,129,522
Impairment allowance recognised (reversed)				
for trade receivables	96	–	(385)	(289)
Loss on disposal of property, plant and equipment	5	–	452	457
Write-downs of properties under development				
for sale, net	<u>–</u>	<u>446,850</u>	<u>–</u>	<u>446,850</u>

Amounts regularly provided to the CODM but not included in the measure of segment results (included in corporate expenses, net):

HK\$'000

Depreciation of property, plant and equipment, at corporate level 32,695

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the CODM for review.

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China ("The PRC"), Macau and the United Kingdom ("UK").

The Group's revenue from external customers and information about its non-current assets, other than receivables related to a development project, debt instruments at FVTOCI and pledged bank deposit, by geographical location of the assets are detailed below:

	Revenue from customers		Non-current assets	
	For the year ended 31 March		As at 31 March	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	718,454	958,292	29,318,429	31,721,840
The PRC	165,652	125,957	10,114,720	9,923,594
Macau	335,877	1,184,896	4,310,614	4,489,743
UK	97,099	96,237	3,428,345	3,357,994
	<u>1,317,082</u>	<u>2,365,382</u>	<u>47,172,108</u>	<u>49,493,171</u>

Information about major customers

During the year, revenue derived from one (2020: one) customer contributed over 10% of the total revenue of the Group's revenue amounted to HK\$209,075,000 (2020: HK\$928,218,000). The revenue is related to the hotel and hotel related operations.

5. OTHER GAINS AND LOSSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reversal of write-downs (write-downs) of properties under development for sale, net (<i>Note</i>)	288,595	(446,850)
Net exchange gain (loss)	79,918	(29,233)
Write-downs of properties held for sale	(34,708)	–
Gain on disposal of subsidiaries (note 14)	–	639,789
Gain on disposal of derivative financial instruments	–	19,977
Write-off of an amount due from an associate	–	(12,979)
	<u>333,805</u>	<u>170,704</u>

Note: During the year, 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\$24,716,000 (2020: HK\$446,850,000) and reversed previously recognised write-downs of HK\$313,311,000 (2020: Nil).

6. LOSS BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	176,886	180,192
Depreciation of right-of-use assets	24,355	21,784
Loss on disposal of property, plant and equipment	247	457
Loss on disposal of debt instruments at FVTOCI (included in administrative expenses)	–	4,009
and after crediting:		
Gain on disposal of debt instrument at FVTOCI (included in other income)	3,270	–
Government subsidies (included in other income) (<i>Note</i>)	24,733	–
Interest income from debt instruments at FVTOCI (included in other income)	921	19,683
	<u>921</u>	<u>19,683</u>

Note: During the year, the Group recognised government subsidies of HK\$24,733,000 (2020: Nil) in respect of Covid-19-related subsidies, of which HK\$23,627,000 (2020: Nil) relates to Employment Support Scheme provided by the Hong Kong government.

7. TAXATION CREDIT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Taxation credit comprises:		
<i>Current tax</i>		
Hong Kong Profits Tax	(12,884)	(43,701)
Macau Complementary Tax	(1,527)	(26,662)
UK Income Tax	(4,023)	(1,415)
The PRC Enterprise Income Tax	(1,272)	(1,071)
	<u>(19,706)</u>	<u>(72,849)</u>
<i>Reversal of Macau Complementary Tax provision in respect of prior years</i>	<u>69,032</u>	<u>91,769</u>
<i>Over(under)provision in respect of prior years</i>		
Hong Kong Profits Tax	93	413
Macau Complementary Tax	(37)	–
UK Income Tax	–	(11)
The PRC Enterprise Income Tax	–	(70)
	<u>56</u>	<u>332</u>
<i>Deferred taxation credit</i>	<u>155,304</u>	<u>107,869</u>
	<u>204,686</u>	<u>127,121</u>

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

The Macau Complementary Tax (“CT”) is calculated at the applicable rate of 12% of the estimated assessable profits for both years. Pursuant to the CT Law, the statutory right to issue CT assessment on the estimated assessable profits in a year of assessment will expire in five consecutive years after that year of assessment. At the end of the reporting period, the Directors reassessed the adequacy of the CT provision and determined to reverse part of the Group’s relevant CT provision of HK\$69,032,000 for the 2015 year of assessment (2020: HK\$91,769,000 for the 2014 year of assessment) accordingly.

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

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 years.

8. DIVIDENDS

	2021 HK\$'000	2020 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend paid in respect of 2020: HK\$0.035 per share (2020: HK\$0.063 per share in respect of 2019)	128,714	231,685
Interim dividend paid in respect of 2021: HK\$0.012 per share (2020: HK\$0.035 per share in respect of 2020)	44,131	128,714
	<u>172,845</u>	<u>360,399</u>

A special dividend of HK\$0.01 per share amounting to approximately HK\$36,775,000 has been declared by the Board on 25 May 2021.

The final dividend of HK\$0.012 per share in respect of the year ended 31 March 2021 (2020: final dividend of HK\$0.035 per share) amounting to approximately HK\$44,131,000 has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. LOSS PER SHARE

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

	2021 HK\$'000	2020 <i>HK\$'000</i>
Loss		
Loss (loss for the year attributable to owners of the Company) for the purpose of basic loss per share	<u>(767,448)</u>	<u>(3,644,359)</u>
	2021	2020
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 was no dilutive potential ordinary share for both years.

10. 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 31 March 2021, the Group has given a corporate guarantee of HK\$932,000,000 (2020: HK\$941,600,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$932,000,000 (2020: HK\$829,357,000) has been utilised. In the opinion of the Directors, the fair value of the financial guarantee is not significant.

11. PROPERTIES HELD FOR SALE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	1,669,552	315,061
The PRC	469	436
	<u>1,670,021</u>	<u>315,497</u>

12. TRADE AND OTHER RECEIVABLES

An analysis of trade and other receivables is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables (<i>Note a</i>)	63,303	43,101
Chips on hand (<i>Note b</i>)	54,666	69,277
Other receivables (<i>Note c</i>)	286,068	343,209
Deposits and prepayments	833,523	961,600
	<u>1,237,560</u>	<u>1,417,187</u>

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:

	2021	2020
	HK\$'000	HK\$'000
0 – 30 days	45,480	25,493
31 – 90 days	2,271	3,447
91 – 180 days	2,652	1,261
Over 180 days	12,900	12,900
	63,303	43,101

Notes:

- (a) 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 31 March 2021, included in the trade receivable balances in respect of other operations are debtors with carrying amounts of HK\$22,334,000 (2020: HK\$19,110,000) which are past due at the end of the reporting period.

- (b) Chips on hand represent chips issued by a gaming concessionaire in Macau which can be exchanged into their cash amounts.
- (c) As at 31 March 2021, included in other receivables are amounts due from related companies of HK\$36,563,000 (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 ("Dr. Albert Yeung), a deemed substantial shareholder of the Company. The amounts are unsecured, interest-free and repayable on demand.

13. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 90 days	22,347	54,930
91 – 180 days	74	–
Over 180 days	184	–
	<hr/>	<hr/>
	22,605	54,930
Amount due to a shareholder of an associate (<i>Note</i>)	1,404	1,299
Construction payables and accruals	315,076	352,655
Rental deposits received	277,383	320,516
Other payables and accruals	244,939	241,363
	<hr/>	<hr/>
	861,407	970,763
	<hr/> <hr/>	<hr/> <hr/>

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

14. DISPOSAL OF SUBSIDIARIES

During the year, the Group had disposed of the following subsidiaries:

- (a) On 27 November 2020, Emperor Property Investment Limited (“EPIL”) entered into a sale and purchase agreement to dispose of the entire equity interests in Oriental Peak Limited and its subsidiaries (“Oriental Peak Group”), indirect wholly-owned subsidiaries of the Company engaged in the business of property investment, and all loan due by Oriental Peak Group to EPIL to a company indirectly controlled by a private discretionary trust which was set up by Dr. Albert Yeung for a total consideration of approximately HK\$889,536,000. The disposal was completed on 8 February 2021.

During the year ended 31 March 2020, the Group had disposed of the following subsidiaries:

- (b) On 8 February 2019, EPIL entered into a sale and purchase agreement to dispose of the entire equity interests in Keenrise Holdings Limited and its subsidiary (“Keenrise Group”), indirect wholly-owned subsidiaries of the Company engaged in the business of property investment, and all loan due by Keenrise Group to EPIL to an independent third party for a total consideration of approximately HK\$1,100,000,000 including consideration for the settlement of bank borrowings at disposal date. The disposal was completed on 10 June 2019 with a gain of HK\$639,789,000.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU, REGISTERED PUBLIC INTEREST ENTITY AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR

The Audit Committee of the Company, which comprises three Independent Non-executive Directors of the Company, had reviewed the audited consolidated financial statements for the Year in conjunction with the Group's auditor, Messrs. Deloitte Touche Tohmatsu. Based on this review and discussion with the management of the Company, the Audit Committee was satisfied that the audited consolidated financial statements were prepared in accordance with applicable accounting standards and fairly presented the Group's financial position as at 31 March 2021 and annual results for the Year.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with all the provisions of the Corporate Governance Code under Appendix 14 of the Listing Rules throughout the Year.

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 for securities dealing as set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers (the "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 the EIHL Securities Code throughout the Year.

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 Year.

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

On 10 August 2020, the Company repurchased medium term notes (Stock Code: 4326) due in September 2021 in an aggregate principal amount of US\$200,000 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, redeemed or issued any of the Company's listed securities during the Year.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 22 June 2021

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