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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)

2021/2022 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 2021 (the “**Period**”).

SNAPSHOTS

- Increase in Total Revenue – mainly contributed by the sales of residential units of **Central 8**; the total revenue increased by 118.5% to HK\$1,392.7 million (2020: HK\$637.5 million) during the Period
- Turnaround Achieved – with a surge in total revenue and the recognition of a fair value gain of property investment of HK\$197.9 million (2020: fair value loss of HK\$981.8 million), a net profit of HK\$233.2 million (2020: net loss of HK\$990.2 million) is recorded, indicating a turnaround during the Period
- Additional Cash Reserve for the Group – the disposal of New Media Tower, and unifying the hotel and hotel related operations into Emperor Entertainment Hotel Limited (“Emperor E Hotel”; Hong Kong stock code: 296), a subsidiary of the Group, during the Period, have enabled the Group to retain high flexibility and unlock reserve for future investment opportunities in the future
- Low Borrowing Costs – the Group’s average borrowing cost during the Period was lowered to 2.2% (2020: 2.9%) per annum, which comprised of bonds, various bank loans and other borrowings
- Ongoing Distribution of Dividends – the Group has continued to distribute dividends in different economic cycles. Combining an interim dividend of HK\$0.015 (2020: HK\$0.012) per share and the special dividend of HK\$0.01 per share which was distributed in June 2021, the total dividends relevant to the Period amounted to HK\$0.025 (2020: HK\$0.012) per share, maintaining sustainable rewards for shareholders

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

During the Period, despite the increasing number of Covid-19 cases in many countries, travel restrictions within Greater China were relaxed as the pandemic was largely contained, creating a favourable condition for the restoration of consumption confidence. However, the financial crises of some mainland Chinese developers have hindered the pace of economic recovery and leading to concerns arising among investors regarding shaky stock or bond markets and an uncertain mainland China property market, thereby impairing investment sentiment.

The Group's total revenue increased by 118.5% to HK\$1,392.7 million (2020: HK\$637.5 million) during the Period. Although the leasing market has been picking up, it is yet to return to the previous level; hence the Group's rental income inevitably decreased slightly to HK\$440.5 million (2020: HK\$447.6 million), representing 31.6% (2020: 70.2%) of total revenue.

Revenue from the sales of property developments surged to HK\$731.7 million (2020: HK\$82.1 million), which was mainly contributed by the sales income from *Central 8*, accounting for 52.5% (2020: 12.9%) of the total revenue.

With the relaxation of travel restrictions between Macau and mainland China, and in turn the increase in Macau's gross gaming revenue, revenue from the hospitality segment increased by 104.5% to HK\$220.5 million (2020: HK\$107.8 million), which accounted for 15.9% (2020: 16.9%) of the total revenue.

Gross profit increased by 45.9% to HK\$409.2 million (2020: HK\$280.4 million). With the increase in total revenue and the recognition of a revaluation gain of the Group's investment properties of HK\$197.9 million (2020: loss of HK\$981.8 million), net profit for the Period attributable to the owners of the Company was HK\$233.2 million (2020: net loss of HK\$990.2 million), indicating a turnaround during the Period. Basic earnings per share was HK\$0.06 (2020: basic loss per share of HK\$0.27). The Board has resolved to declare an interim dividend of HK\$0.015 (2020: HK\$0.012) per share. Together with the special dividend of HK\$0.01 per share which was distributed in June 2021, the total dividends relevant to the Period was HK\$0.025 per share.

BUSINESS REVIEW

Based in Hong Kong, the Group principally engages in property investment and property development businesses; and operates a hospitality business via its subsidiary, Emperor E Hotel. The Group's property portfolio covers a total area of over 5,700,000 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 4,200,000 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 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; *No. 4 Kin Fat Lane* 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, was successfully transformed into a Grade-A office building with a gross floor area of approximately 96,000 square feet. Occupation permit has been obtained subsequent to the Period 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.

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* and *No. 76 Percival Street* in Causeway Bay; *Nos. 81, 83 Nathan Road*, *Nos. 35-37 Haiphong Road* and *Nos. 25-29 Hankow Road* in Tsim Sha Tsui.

During the Period, *New Media Tower* was disposed of (via the relevant indirect wholly-owned subsidiaries of the Company to an independent third party) at an agreed value of HK\$508.0 million. For the details of this disposal, please refer to the announcements of the Company dated 21 April 2021 and 23 April 2021. Subsequent to the Period, *Tippy Tower* was proposed to dispose of at a consideration of HK\$585.0 million. These disposals 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 3-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 ***Nos. 25-27 Oxford Street*** was completed in early 2021 and is now recruiting tenants. 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.

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 2021, 58 units were contracted with an average selling price of over HK\$30,000 per square feet, amongst which 56 units were handed over, and the relevant sales amount has been recognised during the Period. The remaining units are currently 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 2021, 1 house was contracted, and the relevant sales amount will be recognised subsequent to the Period. The remaining houses will be launched to the market according to the market condition.

Projects to be launched soon

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 largely completed. Landscape improvement works are in progress, and the project 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 2022.

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 planned to be completed in 2024.

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 105,500 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 2024.

The existing buildings at **Nos. 72-80 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 50,200 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 2024.

The redevelopment project at **No. 127 Caine Road**, Mid-levels, is planned to be redeveloped into a 23-storey residential and retail tower with a gross floor area of approximately 25,000 square feet. It is around 3 minutes and 5 minutes walk from PMQ and SOHO areas, respectively, and has convenient access to several leisure spots and multinational restaurants in Mid-levels. The redevelopment is planned to be completed in 2025.

Hotel and Hotel Related Operations

Emperor E Hotel originally owns 2 hotels in Macau, namely **Grand Emperor Hotel** and **Inn Hotel Macau**. During the Period, 1 hotel – **The Emperor Hotel**, and 2 serviced apartments in Hong Kong – **The Unit Serviced Apartments** and **MORI MORI Serviced Apartments** were acquired by Emperor E Hotel (via disposal of the relevant indirect wholly-owned subsidiaries of the Company) at a total consideration of HK\$2,048.8 million. As a result, the entire hospitality business segment, covering 3 hotels and 2 serviced apartments, is now unified under Emperor E Hotel, and the recurrent income continues being consolidated to the Group. For the details of this disposal, please refer to the joint announcement of the Company and Emperor E Hotel dated 16 March 2021 and circular of the Company dated 30 April 2021.

OUTLOOK

With the “Early Vaccination for All” campaign rolled out by the Hong Kong government and the stabilised Covid-19 situation in Hong Kong, Macau and mainland China, the Return2hk Scheme has resumed, and the Come2hk Scheme has been launched in Hong Kong. All the governments within the region are striving towards the goal of achieving economic recovery and resuming normal life. The improved consumption sentiment in Hong Kong has provided a favourable operating environment for retailers and landlords.

Several rental properties redevelopment projects, including *No. 81 Lockhart Road*, Wan Chai and *No. 4 Kin Fat Lane*, Tuen Mun in Hong Kong, and *Nos. 25-27 Oxford Street*, London in the United Kingdom, have been completed. They will enable the Group to expand the rental income base and diversify business risks.

The Group has established a solid development properties pipeline, which will add growth momentum to the Group’s performance. *Central 8*, *Seaside Castle* and the soon-to-launch *Shouson Hill* project will anchor the property sales in the near future. With a limited land supply in Hong Kong, the Group will adopt various approaches to enrich its land bank, including participation in redevelopment projects as well as public tender of the government and urban renewal projects. Considering the ongoing tremendous housing demand, the Group remains cautiously optimistic about the local residential property market outlook in the long term.

FINANCIAL INFORMATION

Liquidity and Financial Resources

As at 30 September 2021, the Group’s net asset value and net asset value per share amounted to HK\$27,324.3 million (31 March 2021: HK\$27,069.5 million) and HK\$7.43 (31 March 2021: HK\$7.36) per share, respectively.

The Group had cash, bank balances and bank deposits amounted to HK\$2,044.3 million (31 March 2021: HK\$4,133.9 million) as at 30 September 2021. The total external borrowings (excluding payables) was approximately HK\$24,393.7 million (31 March 2021: HK\$27,284.4 million), and the Group’s net gearing ratio (measured by net debts as a percentage to its total asset value) was 39.1% (31 March 2021: 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. As at 30 September 2021, the outstanding principal of the medium-term notes issued by the Group was HK\$4,474.6 million (31 March 2021: 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 30 September 2021, assets with carrying value of HK\$44,073.7 million (31 March 2021: HK\$45,617.8 million) were pledged as security for banking facilities.

EVENT SUBSEQUENT TO THE PERIOD

Subsequent to the Period, the Group entered into a sale and purchase agreement with an independent purchaser regarding the disposal of Topyy Tower at a consideration of HK\$585.0 million. The net proceeds from the disposal is estimated at HK\$468.4 million, which will be used for future business development of the Group and as general working capital. The disposal is expected to be completed on 20 December 2021. Details of the disposal were disclosed in an announcement by the Company dated 20 October 2021.

Subsequent to the Period, the Group entered into a 5-year unsecured club loan facility agreement amounting to HK\$1,950.0 million with nine local and international banks. The relevant fund will be used for general working capital purposes and refinancing its existing debts. This club loan will provide the Group with extra liquidity and lower its overall funding costs, ensuring financing flexibility and sustainability for future business development.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff, including Directors' emoluments, was HK\$253.4 million (2020: HK\$241.2 million) during the Period. The number of staff was 1,200 (2020: 1,258) as at 30 September 2021. 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 will be set out in the section headed "Share Options" of the Company's interim report.

INTERIM DIVIDEND

The Board declares an interim dividend of HK\$0.015 per share ("**Interim Dividend**") (2020: HK\$0.012 per share) amounting to approximately HK\$55.2 million (2020: HK\$44.1 million). The Interim Dividend will be payable on 23 December 2021 (Thursday) to shareholders whose names appear on the register of members of the Company on 14 December 2021 (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 13 December 2021 (Monday) to 14 December 2021 (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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 10 December 2021 (Friday).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	Notes	Six months ended	
		2021	2020
		(unaudited)	(unaudited)
		HK\$'000	HK\$'000
Revenue			
Contracts with customers	3(a)	952,217	189,949
Leases	3(b)	440,465	447,554
Total revenue		1,392,682	637,503
Cost of properties sales		(658,963)	(56,617)
Cost of hotel and hotel related operations		(254,763)	(230,069)
Direct operating expenses in respect of leasing of investment properties		(69,758)	(70,459)
Gross profit		409,198	280,358
Other income		48,817	73,032
Fair value changes of investment properties		197,889	(981,815)
Other gains and losses	5	54,442	37,968
Impairment allowance (recognised) reversed for trade receivables		(871)	5
Selling and marketing expenses		(132,138)	(49,342)
Administrative expenses		(194,504)	(181,320)
Share of result of an associate		42	(6,532)
Share of result of a joint venture		(6,622)	(51)
Profit (loss) from operations	6	376,253	(827,697)
Finance costs		(193,449)	(236,259)
Profit (loss) before taxation		182,804	(1,063,956)
Taxation credit (charge)	7	6,090	(3,528)
Profit (loss) for the period		188,894	(1,067,484)
Profit (loss) for the period attributable to:			
Owners of the Company		233,242	(990,157)
Non-controlling interests		(44,348)	(77,327)
		188,894	(1,067,484)
Earnings (loss) per share	8		
Basic		HK\$0.06	HK\$(0.27)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Six months ended	
	30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Profit (loss) for the period	188,894	(1,067,484)
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	81,595	360,915
– an associate	1,860	6,595
Fair value change of debt instruments at fair value through other comprehensive income	–	854
Reclassification adjustments for amounts transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	–	(3,270)
Other comprehensive income for the period	83,455	365,094
Total comprehensive income (expense) for the period	272,349	(702,390)
Total comprehensive income (expense) for the period attributable to:		
Owners of the Company	316,697	(624,438)
Non-controlling interests	(44,348)	(77,952)
	272,349	(702,390)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2021

		At 30 September 2021 (unaudited) <i>HK\$'000</i>	At 31 March 2021 (audited) <i>HK\$'000</i>
Non-current assets			
Investment properties	10	42,744,790	42,429,471
Property, plant and equipment	10	2,986,853	3,057,866
Deposits paid for acquisition of investment properties/ property, plant and equipment		14,918	13,359
Receivables related to a development project		178,251	175,695
Right-of-use assets	11	525,795	532,049
Interest in an associate		129,719	127,818
Interest in a joint venture	12	953,690	950,865
Goodwill		56,683	56,683
Other assets		3,997	3,997
Pledged bank deposit		64,134	63,000
		47,658,830	47,410,803
Current assets			
Inventories		12,267	12,402
Properties held for sale	13	1,033,894	1,670,021
Properties under development for sale	10	5,615,616	5,225,609
Trade and other receivables	14	767,300	1,237,560
Taxation recoverable		34,366	38,520
Deposit in designated bank account for development properties		10,238	10,040
Pledged bank deposit		353	353
Short-term bank deposits		164,901	1,415,665
Bank balances and cash		1,879,397	2,718,277
		9,518,332	12,328,447
Assets classified as held for sale		–	509,872
Total current assets		9,518,332	12,838,319

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

At 30 September 2021

		At 30 September 2021 (unaudited) <i>HK\$'000</i>	At 31 March 2021 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	15	823,585	861,407
Contract liabilities		14,830	296,066
Amount due to an associate		144,047	141,982
Amounts due to related companies		787,451	498,721
Amounts due to non-controlling interests of subsidiaries		39,523	41,090
Taxation payable		205,745	195,014
Unsecured notes – due within one year		1,955,636	2,391,358
Bank borrowings – due within one year		5,008,985	6,044,633
Lease liabilities – due within one year		4,158	3,164
		8,983,960	10,473,435
Liabilities associated with assets classified as held for sale		–	34,508
		8,983,960	10,507,943
Total current liabilities		8,983,960	10,507,943
Net current assets		534,372	2,330,376
Total assets less current liabilities		48,193,202	49,741,179
Non-current liabilities			
Contract liabilities		7,330	7,330
Unsecured notes – due after one year		2,518,985	2,514,078
Bank borrowings – due after one year		14,083,086	15,794,478
Lease liabilities – due after one year		39,194	36,806
Deferred taxation		1,987,480	1,985,706
		18,636,075	20,338,398
		29,557,127	29,402,781
Capital and reserves			
Share capital		36,775	36,775
Reserves		27,287,509	27,032,695
		27,324,284	27,069,470
Equity attributable to owners of the Company		27,324,284	27,069,470
Non-controlling interests		2,232,843	2,333,311
		29,557,127	29,402,781

NOTES:

1. BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021.

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 2021.

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 2021 for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021

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	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hotel and hotel related operations:		
Recognised over time:		
Service income from gaming operations	149,731	51,094
Hotel room income	27,347	25,967
	<u>177,078</u>	<u>77,061</u>
Recognised at a point in time:		
Food and beverage sales	43,137	30,337
Others	328	451
	<u>43,465</u>	<u>30,788</u>
	220,543	107,849
Sales of properties recognised at a point in time	<u>731,674</u>	<u>82,100</u>
	952,217	189,949
Revenue from contracts with customers	<u><u>952,217</u></u>	<u><u>189,949</u></u>

(b) Leases

	Six months ended 30 September	
	2021	2020
	(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	433,561	441,912
Variable lease payments that do not depend on an index or a rate	6,904	5,642
	<u>440,465</u>	<u>447,554</u>
	<u><u>440,465</u></u>	<u><u>447,554</u></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, fair value changes of investment properties, finance costs, gain on disposal of debt instruments at fair value through other comprehensive income (“FVTOCI”), 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.

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30 September		30 September	
	2021	2020	2021	2020
(unaudited)	(unaudited)	(unaudited)	(unaudited)	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Business segments				
Lease of properties	440,465	447,554	357,747	366,902
Properties development	731,674	82,100	66,981	3,004
Hotel and hotel related operations	220,543	107,849	(170,885)	(237,778)
	<u>1,392,682</u>	<u>637,503</u>	<u>253,843</u>	<u>132,128</u>
Interest income			23,314	40,808
Corporate expenses, net			(92,263)	(29,339)
Fair value changes of investment properties			197,889	(981,815)
Finance costs			(193,449)	(236,259)
Gain on disposal of debt instruments at FVTOCI			–	3,270
Government subsidies			50	13,834
Share of result of an associate			42	(6,532)
Share of result of a joint venture			(6,622)	(51)
Profit (loss) before taxation			182,804	(1,063,956)
Taxation credit (charge)			6,090	(3,528)
Profit (loss) for the period			<u>188,894</u>	<u>(1,067,484)</u>

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Net exchange (loss) gain	(6,471)	37,968
Reversal of write-downs of properties under development for sale, net (<i>Note</i>)	60,449	–
Reversal of write-downs of properties held for sale	464	–
	54,442	37,968
	54,442	37,968

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 reversed previously recognised write-downs of HK\$60,449,000 (2020: Nil).

6. PROFIT (LOSS) FROM OPERATIONS

Profit (loss) from operations for the Period has been arrived at after charging depreciation of approximately HK\$84,997,000 (2020: HK\$90,237,000) in respect of the Group's property, plant and equipment and approximately HK\$12,126,000 (2020: HK\$12,177,000) in respect of the Group's right-of-use assets.

7. TAXATION CREDIT (CHARGE)

	Six months ended 30 September	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Taxation credit (charge) comprises:		
Current tax		
Hong Kong Special Administrative Region (“ Hong Kong ”) Profits Tax	(7,498)	(19,598)
Macau Special Administrative Region (“ Macau ”) Complementary Tax	(872)	(166)
United Kingdom (“ UK ”) Income Tax	(8,191)	(852)
The People's Republic of China (“ The PRC ”) Enterprise Income Tax	(715)	(398)
	(17,276)	(21,014)
Over(under)provision in respect of prior years		
Hong Kong Profits Tax	2,043	(394)
UK Income Tax	–	(5)
	2,043	(399)
Deferred taxation credit	21,323	17,885
	6,090	(3,528)

9. DIVIDEND

	Six months ended	
	30 September	
	2021	2020
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Final dividend of HK\$0.012 per share for the year ended 31 March 2021 paid during the period (year ended 31 March 2020: HK\$0.035)	44,131	128,714
Special dividend of HK\$0.010 per share declared after the year ended 31 March 2021 paid during the period (2020: Nil)	36,775	–
	<u>80,906</u>	<u>128,714</u>

The Board has resolved to declare an interim dividend of HK\$0.015 (2020: HK\$0.012) per share amounting to approximately HK\$55,163,000 (2020: HK\$44,131,000).

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

Investment properties

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

During the Period, the Group acquired investment properties for a cash consideration of HK\$22,025,000 (2020: HK\$241,590,000).

The fair values of the Group's investment properties at 30 September 2021 and 31 March 2021 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 and Cushman and Wakefield 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 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 increase of fair value of investment properties of approximately HK\$197,889,000 (2020: decrease of HK\$981,815,000) 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\$13,856,000 and HK\$329,558,000 (2020: HK\$23,530,000 and HK\$127,432,000) respectively.

11. MOVEMENTS OF RIGHT-OF-USE ASSETS

	Leasehold lands HK\$'000	Land and buildings HK\$'000	Total HK\$'000
Carrying value			
At 1 April 2021 (audited)	518,700	13,349	532,049
Additions	–	5,872	5,872
Depreciation provided for the Period	(9,836)	(2,290)	(12,126)
At 30 September 2021 (unaudited)	508,864	16,931	525,795

12. INTEREST IN A JOINT VENTURE

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

As at 30 September 2021, the Group has given a corporate guarantee of HK\$932,000,000 (31 March 2021: HK\$932,000,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$932,000,000 (31 March 2021: 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 2021 (unaudited) HK\$'000	At 31 March 2021 (audited) HK\$'000
Hong Kong	1,033,420	1,669,552
The PRC	474	469
	<u>1,033,894</u>	<u>1,670,021</u>

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 2021 (unaudited) HK\$'000	At 31 March 2021 (audited) HK\$'000
0 – 30 days	24,717	45,480
31 – 90 days	2,564	2,271
91 – 180 days	1,922	2,652
Over 180 days	12,936	12,900
	<u>42,139</u>	<u>63,303</u>
Chips on hand	61,644	54,666
Other receivables	259,805	286,068
Deposits and prepayments	403,712	833,523
	<u>767,300</u>	<u>1,237,560</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 2021, included in other receivables are amounts due from related companies of HK\$48,077,000 (31 March 2021: HK\$36,563,000). These related companies are indirectly controlled by private discretionary trusts which are 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 2021 (unaudited) HK\$’000	At 31 March 2021 (audited) HK\$’000
0 – 90 days	28,167	22,347
91 – 180 days	243	74
Over 180 days	316	184
	<u>28,726</u>	<u>22,605</u>
Amount due to a shareholder of an associate (<i>Note</i>)	1,425	1,404
Construction payables and accruals	291,314	315,076
Rental deposits received	283,808	277,383
Other payables and accruals	218,312	244,939
	<u><u>823,585</u></u>	<u><u>861,407</u></u>

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 2021, the Group had disposed of the following subsidiaries:

On 21 April 2021, the Group entered into a sales and purchase agreement to dispose of its entire equity interest in Jade Talent Holdings Limited and its subsidiary (“**Jade Talent Group**”) to an independent third party at a total consideration of approximately HK\$485,713,000. Jade Talent Group, indirect wholly-owned subsidiaries of the Company, holds a property located at 82 Hung To Road, Kowloon. The disposal was completed on 21 April 2021.

REVIEW OF INTERIM RESULTS

These condensed consolidated financial statements of the Group for the Period have not been audited nor reviewed by the Company's auditor, Deloitte Touche Tohmatsu (Registered Public Interest Entity Auditor), but have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Corporate Governance Code

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

Model Code for Securities Transactions

The Board has adopted its own code of conduct regarding securities transactions by Directors ("**EIHL Securities Code**") on no less exacting terms than the required standards set out in Appendix 10 of the Listing Rules regarding Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**"). Having made specific enquiry to the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code and EIHL Securities Code throughout the Period.

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

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

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

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

Hong Kong, 25 November 2021

As at the date hereof, the Board comprises:

Non-executive Director:

Ms. Luk Siu Man, Semon

Executive Directors:

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Mr. Cheung Ping Keung

Mr. Yeung Ching Loong, Alexander

Independent Non-executive Directors:

Mr. Wong Tak Ming, Gary

Mr. Chan Hon Piu

Mr. Chu Kar Wing