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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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2019 (the “Period”) together with comparative figures for the corresponding period in 2018 as set out below:

	For the six months ended		Changes
	2019	2018	
	HK\$'000	HK\$'000	
Total revenue	1,238,031	1,536,451	-19.4%
– Rental income	513,455	590,521	-13.1%
– Property sales	–	208,900	N/A
– Hotel and hotel related operations	724,576	737,030	-1.7%
Gross profit	858,783	1,094,803	-21.6%
Fair-value (loss)/gain on investment properties	(1,298,635)	1,677,650	N/A
Profit/(Loss) attributable to the owners of the Company			
– Underlying ¹	824,097	942,281	-12.5%
– Reported	(519,311)	2,504,915	N/A
Basic (loss)/earnings per share	HK\$(0.14)	HK\$0.68	N/A
Interim dividend per share	HK\$0.035	HK\$0.047	-25.5%

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

* for identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

		Six months ended 30 September	
		2019	2018
	Notes	(unaudited) HK\$'000	(unaudited) HK\$'000
Revenue	3	1,238,031	1,536,451
Cost of properties sold		–	(64,824)
Cost of hotel and hotel related operations		(310,354)	(310,195)
Direct operating costs in respect of leasing of investment properties		(68,894)	(66,629)
		<u>858,783</u>	<u>1,094,803</u>
Gross profit			1,094,803
Other income		112,704	61,951
Fair value changes of investment properties		(1,298,635)	1,677,650
Impairment allowance reversed (recognised) for trade receivables		265	(4,931)
Other gains and losses	5	667,897	703,714
Selling and marketing expenses		(156,701)	(176,826)
Administrative expenses		(220,271)	(248,804)
Share of result of an associate		23,684	(19,918)
Share of result of a joint venture		(74)	(37)
		<u>(12,348)</u>	<u>3,087,602</u>
(Loss) profit from operations	6		3,087,602
Finance costs		(341,851)	(341,566)
		<u>(354,199)</u>	<u>2,746,036</u>
(Loss) profit before taxation			2,746,036
Taxation charge	7	(85,667)	(170,547)
		<u>(439,866)</u>	<u>2,575,489</u>
(Loss) profit for the period			2,575,489
(Loss) profit for the period attributable to:			
Owners of the Company		(519,311)	2,504,915
Non-controlling interests		79,445	70,574
		<u>(439,866)</u>	<u>2,575,489</u>
(Loss) earnings per share			
Basic	8	HK\$(0.14)	HK\$0.68

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

For the six months ended 30 September 2019

	Six months ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
(Loss) profit for the period	(439,866)	2,575,489
Other comprehensive (expense) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations:		
– subsidiaries	(528,332)	(859,272)
– an associate	(6,107)	(4,051)
Release of hedging reserve upon termination of hedging instruments in cash flow hedge	12,567	–
Fair value change on hedging instruments in cash flow hedge	–	7,947
Fair value change of debt instruments at fair value through other comprehensive income	438	(16,966)
Release of asset revaluation reserve upon disposal of subsidiaries	(72,796)	–
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	25	612
Other comprehensive expense for the period	(594,205)	(871,730)
Total comprehensive (expense) income for the period	(1,034,071)	1,703,759
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(1,113,630)	1,643,031
Non-controlling interests	79,559	60,728
	(1,034,071)	1,703,759

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

		At 30 September 2019 (unaudited) <i>HK\$'000</i>	At 31 March 2019 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Non-current assets			
Investment properties	10	47,181,121	49,101,784
Property, plant and equipment	10	3,220,831	3,278,973
Deposits paid for acquisition of investment properties/property, plant and equipment		53,064	50,321
Receivables related to a development project		164,625	173,112
Right-of-use assets		552,924	–
Prepaid lease payments		–	513,822
Debt instruments at fair value through other comprehensive income		345,157	372,025
Interest in an associate		131,062	113,485
Interest in a joint venture	11	770,066	735,374
Goodwill		56,683	56,683
Other assets		4,092	4,092
Derivative financial instruments		–	11,415
		<u>52,479,625</u>	<u>54,411,086</u>
Current assets			
Inventories		14,291	14,687
Properties held for sale	12	405,011	405,032
Properties under development for sale	10	4,963,319	3,257,951
Prepaid lease payments		–	18,102
Trade and other receivables	13	1,636,524	1,544,129
Debt instruments at fair value through other comprehensive income		111,650	96,783
Taxation recoverable		1,867	43,073
Deposit in designated bank account for development properties		9,267	9,696
Pledged bank deposits		45,005	44,040
Short-term bank deposits		935,287	300,662
Bank balances and cash		2,493,427	3,643,816
		<u>10,615,648</u>	<u>9,377,971</u>
Assets classified as held for sale		–	455,147
Total current assets		<u>10,615,648</u>	<u>9,833,118</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

		At 30 September 2019 (unaudited) <i>HK\$'000</i>	At 31 March 2019 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
Current liabilities			
Trade and other payables	14	1,098,967	1,146,091
Contract liabilities		76,005	7,500
Amount due to an associate		44,345	33,652
Amounts due to related companies		468,603	484,436
Amounts due to non-controlling interests of subsidiaries		43,100	46,200
Taxation payable		433,018	407,229
Unsecured notes – due within one year		1,299,258	1,298,357
Bank borrowings – due within one year		1,919,250	2,968,580
Lease liabilities – due within one year		2,885	–
		5,385,431	6,392,045
Liabilities associated with assets classified as held for sale		–	412,875
		5,385,431	6,804,920
Total current liabilities		5,385,431	6,804,920
Net current assets		5,230,217	3,028,198
Total assets less current liabilities		57,709,842	57,439,284
Non-current liabilities			
Amounts due to related companies		701,141	744,792
Unsecured notes – due after one year		4,918,806	4,622,690
Bank borrowings – due after one year		16,845,129	15,479,807
Lease liabilities – due after one year		27,803	–
Deferred taxation		2,175,724	2,234,155
		24,668,603	23,081,444
		33,041,239	34,357,840
Capital and reserves			
Share capital		36,775	36,775
Reserves		30,472,776	31,798,299
		30,509,551	31,835,074
Equity attributable to owners of the Company		30,509,551	31,835,074
Non-controlling interests		2,531,688	2,522,766
		33,041,239	34,357,840

NOTES:

1. BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2019.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA, the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the Period are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019.

Application of new and amendments to HKFRSs

In the Period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (“HKFRS 16”)

Transition and summary of effects arising from initial application of HKFRS 16

As a lessee

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$27,698,000 and right-of-use assets of HK\$559,622,000 as at 1 April 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 3.5%.

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019 (audited)	2,863
Add: Extension options reasonably certain to be exercised	40,834
Less: Recognition exemption – short-term leases	<u>(557)</u>
	43,140
Lease liabilities discounted at relevant incremental borrowing rates	<u>(15,442)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019 (unaudited)	<u><u>27,698</u></u>
Analysed as:	
Current	666
Non-current	<u>27,032</u>
	<u><u>27,698</u></u>

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	<i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	27,698
Reclassified from prepaid lease payments (<i>Note</i>)	<u>531,924</u>
	<u><u>559,622</u></u>
By class:	
Leasehold land	493,515
Land and buildings	<u>66,107</u>
	<u><u>559,622</u></u>

Note: Upfront payments for leasehold lands in Macau were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portions of prepaid lease payments amounting to HK\$18,102,000 and HK\$513,822,000 respectively were reclassified to right-of-use assets.

As a lessor*Refundable rental deposits*

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at the date of initial application are considered as additional lease payments from lessees. This application has had no material impact on the Group's unaudited condensed consolidated statement of profit or loss for the six months ended 30 September 2019 and the unaudited condensed consolidated statement of financial position as at 1 April 2019 and 30 September 2019.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. This application has had no material impact on the Group's unaudited condensed consolidated statement of financial position as at 1 April 2019. However, effective from 1 April 2019, lease payments received from lessees relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

The following adjustments were made to the amounts recognised in the unaudited condensed consolidated statement of financial position as at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 (audited) HK\$'000	Adjustments (unaudited) HK\$'000	Carrying amounts under HKFRS 16 at 1 April 2019 (unaudited) HK\$'000
Non-current assets			
Right-of-use assets	–	559,622	559,622
Prepaid lease payments	513,822	(513,822)	–
Current asset			
Prepaid lease payments	18,102	(18,102)	–
Current liability			
Lease liabilities	–	(666)	(666)
Non-current liability			
Lease liabilities	–	(27,032)	(27,032)

Note: For the purpose of reporting cash flows for the Period, movements have been computed based on the opening balances of the unaudited condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

The Group has not early applied any new or revised HKFRSs that have been issued but are not yet effective for the current accounting period.

3. REVENUE

An analysis of the Group revenue is as follows:

	Six months ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK\$'000	HK\$'000
Hotel and hotel related operations:		
Recognised over time:		
Service income from gaming operations	559,548	546,677
Hotel room income	90,387	111,078
Others	1,411	3,250
	651,346	661,005
Recognised at a point in time:		
Food and beverage sales	72,298	75,009
Others	932	1,016
	73,230	76,025
	724,576	737,030
Sales of properties recognised at a point in time	–	208,900
	724,576	945,930
Revenue from contracts with customers	513,455	590,521
Rental income from investment properties	1,238,031	1,536,451

4. SEGMENT INFORMATION

For management purpose, the business segments of the Group are currently organised into lease of properties, properties development and hotel and hotel related operations. Segment results represent the profit earned by or loss suffered from each segment without allocation of central administration cost, interest income, gain on disposal of subsidiaries, fair value changes of investment properties, gain on termination of derivative financial instruments, finance costs, 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	
	2019	2018	2019	2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business segments				
Lease of properties	513,455	590,521	427,582	491,721
Properties development	–	208,900	(6,650)	128,994
Hotel and hotel related operations	724,576	737,030	149,958	136,979
	<u>1,238,031</u>	<u>1,536,451</u>	570,890	757,694
Interest income			62,816	45,662
Gain on disposal of subsidiaries			712,585	785,305
Corporate expenses, net			(103,591)	(158,754)
Fair value changes of investment properties			(1,298,635)	1,677,650
Gain on termination of derivative financial instruments			19,977	–
Finance costs			(341,851)	(341,566)
Share of result of an associate			23,684	(19,918)
Share of result of a joint venture			(74)	(37)
(Loss) profit before taxation			(354,199)	2,746,036
Taxation charge			(85,667)	(170,547)
(Loss) profit for the period			<u>(439,866)</u>	<u>2,575,489</u>

5. OTHER GAINS AND LOSSES

	Six months ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net exchange loss	(51,687)	(81,591)
Gain on disposal of subsidiaries (<i>note 15</i>)	712,585	785,305
Written-off of a current account with an associate	(12,978)	–
Gain on termination of derivative financial instrument	19,977	–
	<u>667,897</u>	<u>703,714</u>

6. (LOSS) PROFIT FROM OPERATIONS

(Loss) profit from operations for the Period has been arrived at after charging amortisation and depreciation of approximately HK\$87,378,000 (2018: HK\$99,448,000) in respect of the Group's property, plant and equipment.

7. TAXATION CHARGE

	Six months ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Taxation charge comprises:		
<i>Current tax</i>		
Hong Kong Profits Tax	33,751	36,346
Macau Complementary Tax ("CT")	22,421	18,701
The People's Republic of China ("PRC") Enterprise Income Tax	465	594
United Kingdom ("UK") Income Tax	918	–
	<u>57,555</u>	<u>55,641</u>
<i>Overprovision in prior years</i>		
Hong Kong Profits Tax	(1,420)	(66)
UK Income Tax	(118)	(59)
	<u>(1,538)</u>	<u>(125)</u>
<i>Deferred taxation</i>	<u>29,650</u>	115,031
	<u>85,667</u>	<u>170,547</u>

9. DIVIDEND

Six months ended	
30 September	
2019	2018
(unaudited)	(unaudited)
HK\$'000	HK\$'000

Final dividend of HK\$0.063 per share for the year ended 31 March 2019 paid during the period (year ended 31 March 2018: HK\$0.061)

<u>231,685</u>	<u>224,330</u>
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The Board has resolved to declare an interim dividend of HK\$0.035 (2018: HK\$0.047) per share amounting to approximately HK\$128,714,000 (2018: HK\$172,845,000).

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\$1,141,481,000 (2018: HK\$254,340,000).

The fair values of the Group's investment properties at 30 September 2019 and 31 March 2019 have been arrived at on the basis of a valuation carried out on those date by Memfus Wong Surveyors Limited, Cushman & Wakefield Limited and Colliers International (Hong Kong) Limited, independent firms of qualified professional property valuers (the "Valuers") not connected with the Group, in accordance with the HKIS Valuation Standards issued by Hong Kong Institute of 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 specific to determine the potential sales proceeds, and deducting the development costs and required profit margin from the investment properties which are derived from the interpretation of prevailing investor requirements or expectations at the valuation dates.

The resulting decrease in fair value of investment properties of approximately HK\$1,298,635,000 (2018: increase of approximately HK\$1,677,650,000) 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 property, plant and equipment and properties under development for sale amounting to approximately HK\$65,545,000 and HK\$545,396,000 (2018: HK\$47,212,000 and HK\$627,074,000) respectively.

11. INTEREST IN A JOINT VENTURE

Interest in a joint venture represents interest in Superb Land Limited of 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 2019, the Group has given a corporate guarantee of HK\$941,600,000 (31 March 2019: HK\$941,600,000) to a bank in respect of banking facilities granted to Talent Charm, of which HK\$759,067,000 (31 March 2019: HK\$642,400,000) has been utilised. In the opinion of the Directors, the fair value of the guarantee is not significant.

12. PROPERTIES HELD FOR SALE

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

	At 30 September 2019 (unaudited) HK\$'000	At 31 March 2019 (audited) HK\$'000
Hong Kong	404,570	404,570
The PRC	441	462
	<u>405,011</u>	<u>405,032</u>

13. TRADE AND OTHER RECEIVABLES

Aging analysis of the Group's trade receivables (net of impairment allowances) 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 2019 (unaudited) HK\$'000	At 31 March 2019 (audited) HK\$'000
0 – 30 days	68,378	91,339
31 – 90 days	719	1,287
91 – 180 days	5,806	1,335
Over 180 days	12,900	13,684
	<u>87,803</u>	<u>107,645</u>
Chips on hand	113,079	122,888
Other receivables	431,612	416,852
Deposits and prepayments	1,004,030	896,744
	<u>1,636,524</u>	<u>1,544,129</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 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.

Included in other receivables are amounts due from related companies of HK\$43,059,000 (31 March 2019: HK\$50,988,000). These related companies are indirectly controlled by private discretionary trusts of which Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”) is also the founder of the trusts. The amounts are unsecured, interest-free and repayable within one year.

14. TRADE AND OTHER PAYABLES

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 2019 (unaudited) <i>HK\$’000</i>	At 31 March 2019 (audited) <i>HK\$’000</i>
0 – 90 days	54,772	45,636
91 – 180 days	76	165
Over 180 days	–	37
	<hr/>	<hr/>
	54,848	45,838
Amount due to a shareholder of an associate (<i>Note</i>)	1,349	1,349
Construction payables and accruals	431,759	509,324
Other payables and accruals	212,111	264,476
Rental deposits received	398,900	325,104
	<hr/>	<hr/>
	1,098,967	1,146,091
	<hr/> <hr/>	<hr/> <hr/>

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

15. GAIN ON DISPOSAL OF SUBSIDIARIES

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

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

During the six months period ended 30 September 2018, the Group had disposed of the following subsidiary:

On 29 March 2018, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in Prestige Gold Investment Limited and the relevant shareholder’s loan, to a company which was then indirectly controlled by The Albert Yeung Discretionary Trust, the settlor and founder of which is Dr. Albert Yeung, for a total consideration of approximately HK\$825,000,000. Prestige Gold Investment Limited is principally engaged in property investment. The disposal was completed on 13 June 2018 with a gain of HK\$785,305,000.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in property investment, property development and hospitality, owning properties with a total area of over 5 million square feet in Greater China and overseas. The Group has a tri-engine business model — owning and managing investment properties in prime locations that generate solid income; developing residential projects to drive earnings visibility; and operating hospitality services with strong recurrent cash flow. The Group has been recognised by BCI Asia as one of the “Top 10 Developers in Hong Kong 2019” for its sustainability efforts and achievements in developing high quality, innovative properties.

FINANCIAL REVIEW

Overall Review

Against the backdrop of a complex market environment arising from global economic disputes and local social issues, the Group’s total revenue decreased to HK\$1,238.0 million (2018: HK\$1,536.5 million) during the Period. Rental income declined to HK\$513.5 million (2018: HK\$590.5 million), representing 41.5% (2018: 38.4%) of total revenue. As no revenue from sale of property has been recognised during the Period, revenue from property development was nil (2018: HK\$208.9 million). Revenue from the hospitality segment decreased slightly to HK\$724.6 million (2018: HK\$737.0 million), and accounted for 58.5% (2018: 48.0%) of the total revenue. Gross profit decreased to HK\$858.8 million (2018: HK\$1,094.8 million).

A revaluation loss on investment properties amounted to HK\$1,298.6 million (2018: revaluation gain of HK\$1,677.7 million). As a result, loss for the Period attributable to the owners of the Company of HK\$519.3 million (2018: profit of HK\$2,504.9 million) was recorded. Excluding the revaluation loss on investment properties, the underlying profit amounted to HK\$824.1 million (2018: HK\$942.3 million), representing 12.5% drop as compared with same period last year.

Basic loss per share was HK\$0.14 (2018: basic earnings per share of HK\$0.68). The Board has resolved to declare payment of an interim dividend of HK\$0.035 (2018: HK\$0.047) per share.

Liquidity and Financial Resources

As at 30 September 2019, the Group’s net asset value and net asset value per share amounted to HK\$30,509.6 million (31 March 2019: HK\$31,835.1 million) and HK\$8.30 (31 March 2019: HK\$8.66) per share, respectively.

The Group had cash, bank balances and bank deposits amounting to HK\$3,428.7 million as at 30 September 2019 (31 March 2019: HK\$3,944.5 million). The total external borrowings (excluding payables) amounted to approximately HK\$26,195.3 million (31 March 2019: HK\$25,644.9 million), and the Group’s net gearing ratio was 36.1% (31 March 2019: 33.8%) (measured by net debts as a percentage to the total asset value of the Group).

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 of 30 September 2019, the outstanding principal of the medium-term notes issued by the Group was HK\$6,218.1 million, which were denominated in Hong Kong dollars and United States dollars at fixed rates ranging from 4.0% to 5.0% per annum.

BUSINESS REVIEW

Rental Income

The Group's investment property portfolio primarily focuses on quality street-level retail spaces and commercial buildings in prominent locations. In recent years, the Group has strived to further develop beyond its origins, notably by expanding its coverage from Greater China to United Kingdom, enabling it to possess a geographically balanced property portfolio. By doing so, the Group can diversify its rental income streams and withstand market volatility. During the Period, the Group acquired another superior investment property, located in Sheung Wan, Hong Kong. The overall occupancy rate of the Group's investment properties was over 80% as at 30 September 2019.

Existing Portfolio

— *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. **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. During the Period, **Emperor Group Centre Beijing** garnered the "2019 China Golden Landmark Award for Office Buildings", which is a testimony to its international operating system, luxurious 6-star Super Grade-A equipment, and world-class commercial quality.

Emperor Group Centre Beijing, boasting a prominent location in China's capital city, has become 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.

— *Hong Kong — Retail Premises*

The Group owns numerous premium investment properties, with a strong focus on street level retail space in Hong Kong's main 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, *retail shops of Fitfort Shopping Arcade* in North Point, and *retail shops at Level 3, New Town Commercial Arcade* in Tuen Mun.

— *Hong Kong — Office, Commercial & Industrial Complexes*

Apart from the above-mentioned retail premises, the Group's rental income also came from office, commercial and industrial complexes which mainly include *Emperor Group Centre* and *China Huarong Tower* in Wan Chai; *Emperor Commercial Centre* in Central; a complex at *Nos. 45–51 Kwok Shui Road* in Kwai Chung; *New Media Tower* in Kwun Tong; and *commercial and car park complexes at Sui Wo Court* in Sha Tin.

During the Period, the Group acquired *CentreHollywood* at No. 151 Hollywood Road, Hong Kong, a 26-storey commercial and office building with a gross floor area of approximately 35,000 square feet. Located at a prominent location of commercial hub in Sheung Wan, *CentreHollywood* will enhance the Group's portfolio of investment properties and broaden its income base.

— *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 total floor area of approximately 91,000 square feet. 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 enhanced accessibility.

Future projects

— *Hong Kong*

The Group continually strives to enhance the value and maximise the potential rental income of its premises by undertaking various redevelopment and revitalisation programmes. The site at *Nos. 75–85 Lockhart Road*, Wan Chai, will be transformed into a Grade-A office building with a gross floor area of approximately 96,000 square feet. The project is scheduled for completion in 2020. 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 revitalisation scheme for industrial buildings has been reactivated by the local government during 2019, allowing relaxation of the maximum permissible non-domestic plot ratio by up to 20% for certain redevelopment projects. The Group welcomes such supportive measures and has a revitalisation project working in progress. With a gross floor area of over 178,000 square feet, the 14-storey industrial building located at **No. 4 Kin Fat Lane**, Tuen Mun, will be transformed into a commercial building spanning diverse functions such as food and beverage, retail spaces and offices. The alteration and addition works are progressing as planned, with the project completion targeted for 2020.

— *London*

Occupying a prominent commercial and shopping location in London, which is popular with international visitors, the site at **Nos. 25–27 Oxford Street** will be redeveloped into a composite retail/office building with a gross floor area of approximately 20,000 square feet, for long-term investment purposes. The redevelopment project entails restoring the building's historic street-front facades, along with the construction of a 9-storey building that houses retail shops and offices. Site work is in progress, and the redevelopment is expected to be completed in 2020.

— *Mainland China*

Located in Yuyuan, Huangpu District, Shanghai, **Emperor Star City** will be developed into a shopping arcade and hotel or serviced apartment complex, at a prime site adjacent to the Shanghai M10 subway route. Foundation and basement excavation work for the development has been completed. With an expected gross floor area of approximately 1,300,000 square feet, the complex will include a multi-storey shopping arcade as its major component.

Property Sales

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

Projects launched for sale

Peak Castle, a luxurious low-rise development in Siu Lam, Tuen Mun, has a total saleable area of approximately 43,000 square feet. It is well served by a superb transportation network comprising Hong Kong-Shenzhen Western Corridor and Hong Kong-Zhuhai-Macau Bridge, as well as the future Tuen Mun-Chek Lap Kok Link. As at 30 September 2019, the sale transactions of 7 out of a total of 14 detached houses were completed.

Projects under development

A site at **Nos. 8–10A Mosque Street**, Mid-Levels, will be developed into a 28-storey boutique residential tower with a gross floor area of approximately 34,000 square feet. Superstructure work is in progress. The pre-sale is expected to be launched in 2020, and the project is targeted for completion in the same year. 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.

A prime residential site at **Tuen Mun Town Lot No. 490, Tai Lam**, Tuen Mun, will be developed into 8 luxurious detached houses with sea views, encompassing a gross floor area of approximately 29,000 square feet. Superstructure work is in progress, and the development is scheduled for completion in 2020. The sales activities will commence thereafter. 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.

A 40% owned signature luxury residential project on Island South, **Rural Building Lot No. 1198, Shouson Hill**, boasts a gross floor area of approximately 88,000 square feet. In proximity to Aberdeen Tunnel and a network of prestigious schools, the site will be developed into 15 low-density luxury villas, complemented by comprehensive auxiliary facilities. Construction work is progressing well, and the project is expected to be completed in 2020.

Other future projects

The site at **Nos. 20–26 Old Bailey Street & No.11 Chancery Lane**, Mid-Levels, 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 2022.

The MTR stations established in recent years connect central business district and emerging residential areas covering Kennedy Town and Sai Ying Pun, which offers convenient access to transportation networks, hence properties in those districts have been well received by the market lately. Accordingly, the Group has secured two sites in the areas. The site at **Nos. 24–26A, Davis Street**, Kennedy Town, will be redeveloped into a 22-storey residential and retail tower, and is planned to be completed in 2022. Another redevelopment project is located at **Nos. 24–30 Bonham Road**, Mid-levels, and has a gross floor area of approximately 107,000 square feet, and is planned to be completed in 2023. It will be redeveloped into a 27-storey residential tower. It is just 5-minute walk from Sai Ying Pun MTR station, and has ready access to a highly efficient transportation network.

The site at **No. 1 Wang Tak Street**, Happy Valley, previously the Emperor (Happy Valley) Hotel, will be redeveloped into a 27-storey residential tower. With convenient access to Hong Kong Jockey Club and Hong Kong Sanatorium & Hospital, the site has a gross floor area of approximately 58,000 square feet. Demolition work has commenced and the project is planned to be completed in 2022.

With a gross floor area of approximately 36,000 square feet, the existing building at **Nos. 74–80 Old Main Street Aberdeen**, Aberdeen, will be demolished and redeveloped into a 23-storey residential and retail building. The redevelopment is planned to be completed in 2023.

Hotel and Hotel Related Operations

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

— *Hong Kong*

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

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

Situated at the vibrant junction of Wan Chai and Causeway Bay, **MORI MORI Serviced Apartments** provides 18 stylish serviced apartments for expats, MICE visitors, business travellers and overseas professionals, on short-and long-term leases. With state-of-the art facilities and professional customer services, **MORI MORI Serviced Apartments** redefines the contemporary way of life.

— *Macau*

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

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

OUTLOOK

As a result of the local social unrests since June this year, retail tenants' affordability are undermined and pressure has been put on landlords for rent reductions, which will certainly impair developers' rental income from retail properties. With corporations generally holding off committing to relocations or expansions, office rentals in core commercial areas are likely to decline over the coming quarters.

Nevertheless, the residential property sales market remains active. The Group has established a solid pipeline in residential properties for the coming years. These projects will provide promising contributions in the near to mid-term. With a low interest rate environment and organic demand for residential units, the Group remains cautiously optimistic regarding the long term development of the local residential property market.

In response to the government's revitalisation scheme for industrial buildings, the Group is proactively identifying the potential projects such as ***Nos. 13–15 San On Street*** in Tuen Mun, ***Nos. 45–51 Kwok Shui Road*** in Kwai Chung and ***New Media Tower*** in Kwun Tong, which will help create additional value and balance its portfolio in the long run.

The ongoing global political issues and local social issues will unquestionably continue to cloud the economic situation in Hong Kong. A tough business operating environment is expected to last for some time. In times of difficulty, the Group will continue to be prudent and closely monitor the market situation.

EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff, including Directors' emoluments, was HK\$344.0 million during the Period (2018: HK\$334.3 million). The number of staff was 1,692 as at 30 September 2019 (2018: 1,711). Each employee's remuneration was determined in accordance with the individual's responsibility, competence and skills, experience and performance, as well as market pay levels. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits. The Company has adopted a share option scheme to provide incentives or rewards to staff.

ASSETS PLEDGED

As at 30 September 2019, assets with carrying value of HK\$46,426.4 million (31 March 2019: HK\$48,690.3 million) were pledged as security for banking facilities.

INTERIM DIVIDEND

The Board declares an interim dividend of HK\$0.035 per share (“Interim Dividend”) (2018: HK\$0.047 per share) amounting to approximately HK\$128.7 million (2018: HK\$172.8 million). The Interim Dividend will be payable on 20 December 2019 (Friday) to shareholders whose names appear on the register of members of the Company on 13 December 2019 (Friday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Interim Dividend, from 12 December 2019 (Thursday) to 13 December 2019 (Friday)(both days inclusive), during which period no transfer of shares will be registered.

In order to qualify for the Interim Dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on 11 December 2019 (Wednesday).

REVIEW OF INTERIM RESULTS

The condensed consolidated financial statements of the Group for the Period have not been audited or reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, 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 had 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 Company had 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 – 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 have 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 during the Period.

PURCHASE, SALE OR REDEMPTION 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 2019

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