



英皇集團(國際)有限公司  
Emperor International Holdings Limited

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



BUILDING FOR THE FUTURE  
AND PURSUING EXCELLENCE



INTERIM REPORT  
2019/2020

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## FINANCIAL SUMMARY

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

<sup>1</sup> Excluding the effect of any fair-value changes and relevant deferred taxation

# MANAGEMENT DISCUSSION AND ANALYSIS

Emperor International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as 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 six months ended 30 September 2019 (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 of directors of the Company (the “Board” or the “Directors”) 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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 dollar and United States dollar 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

*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.

## MANAGEMENT DISCUSSION AND ANALYSIS

- 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 of retail and office building with a gross floor area of approximately 20,000 square feet, for long-term investment purposes. The redevelopment project entails restoring the building's historic street-front facades, along with the construction of a 9-storey building that houses retail shops and offices. Site work is in progress, and the redevelopment is expected to be completed in 2020.

# MANAGEMENT DISCUSSION AND ANALYSIS

## — 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 (2018: HK\$334.3 million) during the Period. The number of staff was 1,692 (2018: 1,711) as at 30 September 2019. 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).

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).

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2019

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

	Notes	At 30 September 2019 (unaudited) HK\$' 000	At 31 March 2019 (audited) HK\$' 000
<b>Non-current assets</b>			
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
		<b>52,479,625</b>	<b>54,411,086</b>
<b>Current assets</b>			
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
		<b>10,615,648</b>	<b>9,377,971</b>
Assets classified as held for sale		–	455,147
<b>Total current assets</b>		<b>10,615,648</b>	<b>9,833,118</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	At 30 September 2019 (unaudited) HK\$' 000	At 31 March 2019 (audited) HK\$' 000
<b>Current liabilities</b>			
Trade and other payables	15	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	–
		<b>5,385,431</b>	6,392,045
Liabilities associated with assets classified as held for sale		–	412,875
<b>Total current liabilities</b>		<b>5,385,431</b>	6,804,920
<b>Net current assets</b>		<b>5,230,217</b>	3,028,198
<b>Total assets less current liabilities</b>		<b>57,709,842</b>	57,439,284
<b>Non-current liabilities</b>			
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
		<b>24,668,603</b>	23,081,444
		<b>33,041,239</b>	34,357,840
<b>Capital and reserves</b>			
Share capital		36,775	36,775
Reserves		30,472,776	31,798,299
Equity attributable to owners of the Company		<b>30,509,551</b>	31,835,074
Non-controlling interests		2,531,688	2,522,766
		<b>33,041,239</b>	34,357,840

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company										Non-controlling interests HK\$' 000	Total equity HK\$' 000
	Share capital HK\$' 000	Share premium HK\$' 000	Translation reserve HK\$' 000	Asset		Hedging reserve HK\$' 000	Other reserves HK\$' 000	Retained profits HK\$' 000	Total HK\$' 000	Total HK\$' 000		
				revaluation reserve HK\$' 000	Investments revaluation reserve HK\$' 000							
At 1 April 2019 (audited)	36,775	4,563,248	143,044	211,189	2,143	(12,567)	902,825	25,988,417	31,835,074	2,522,766	34,357,840	
(Loss) profit for the period	-	-	-	-	-	-	-	(519,311)	(519,311)	79,445	(439,866)	
Exchange differences arising on translation of foreign operations:												
- subsidiaries	-	-	(528,332)	-	-	-	-	-	(528,332)	-	(528,332)	
- an associate	-	-	(6,107)	-	-	-	-	-	(6,107)	-	(6,107)	
Release of hedging reserve upon termination of hedging instruments in cash flow hedge	-	-	-	-	-	12,567	-	-	12,567	-	12,567	
Fair value change of debt instruments at fair value through other comprehensive income	-	-	-	-	330	-	-	-	330	108	438	
Release of asset revaluation reserve upon disposal of subsidiaries	-	-	-	(72,796)	-	-	-	-	(72,796)	-	(72,796)	
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	19	-	-	-	19	6	25	
<b>Total comprehensive (expense) income for the period</b>	<b>-</b>	<b>-</b>	<b>(534,439)</b>	<b>(72,796)</b>	<b>349</b>	<b>12,567</b>	<b>-</b>	<b>(519,311)</b>	<b>(1,113,630)</b>	<b>79,559</b>	<b>(1,034,071)</b>	
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	17,725	-	17,725	(49,392)	(31,667)	
Arising from changes in cash flow estimates on amounts due to related companies	-	-	-	-	-	-	2,004	-	2,004	-	2,004	
Depreciation attributable to revaluation surplus	-	-	-	(461)	-	-	-	524	63	-	63	
Dividend paid to owners of the Company	-	-	-	-	-	-	-	(231,685)	(231,685)	-	(231,685)	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(21,245)	(21,245)	
<b>At 30 September 2019 (unaudited)</b>	<b>36,775</b>	<b>4,563,248</b>	<b>(391,395)</b>	<b>137,932</b>	<b>2,492</b>	<b>-</b>	<b>922,554</b>	<b>25,237,945</b>	<b>30,509,551</b>	<b>2,531,688</b>	<b>33,041,239</b>	
At 1 April 2018 (audited)	36,775	4,563,248	809,384	202,048	(544)	(7,236)	604,499	23,247,199	29,455,373	3,303,207	32,758,580	
Profit for the period	-	-	-	-	-	-	-	2,504,915	2,504,915	70,574	2,575,489	
Exchange differences arising on translation of foreign operations:												
- subsidiaries	-	-	(859,272)	-	-	-	-	-	(859,272)	-	(859,272)	
- an associate	-	-	(4,051)	-	-	-	-	-	(4,051)	-	(4,051)	
Fair value change on hedging instruments in cash flow hedges	-	-	-	-	-	7,947	-	-	7,947	-	7,947	
Fair value change of debt instruments at fair value through other comprehensive income	-	-	-	-	(6,751)	-	-	-	(6,751)	(10,215)	(16,966)	
Reclassification adjustments for amount transferred to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	-	-	-	-	243	-	-	-	243	369	612	
<b>Total comprehensive (expense) income for the period</b>	<b>-</b>	<b>-</b>	<b>(863,323)</b>	<b>-</b>	<b>(6,508)</b>	<b>7,947</b>	<b>-</b>	<b>2,504,915</b>	<b>1,643,031</b>	<b>60,728</b>	<b>1,703,759</b>	
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	6,515	-	6,515	(35,854)	(29,339)	
Arising from changes in cash flow estimates on amounts due to related companies	-	-	-	-	-	-	26,053	-	26,053	-	26,053	
Depreciation attributable to revaluation surplus	-	-	-	(786)	-	-	-	920	134	-	134	
Dividend paid to owners of the Company	-	-	-	-	-	-	-	(224,330)	(224,330)	-	(224,330)	
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(25,104)	(25,104)	
<b>At 30 September 2018 (unaudited)</b>	<b>36,775</b>	<b>4,563,248</b>	<b>(53,939)</b>	<b>201,262</b>	<b>(7,052)</b>	<b>711</b>	<b>637,067</b>	<b>25,528,704</b>	<b>30,906,776</b>	<b>3,302,977</b>	<b>34,209,753</b>	

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 (unaudited) HK\$' 000	2018 (unaudited) HK\$' 000
Net cash flow (used in) from operating activities	(412,591)	736,318
Net cash flow used in investing activities	(867,605)	(1,002,552)
Net cash flow from (used in) financing activities	139,058	(142,628)
Net decrease in cash and cash equivalent	(1,141,138)	(408,862)
Cash and cash equivalents at the beginning of the reporting period:		
Bank balance and cash	3,643,816	3,374,884
Bank balance and cash included in a disposal group classified as held for sale	36	26
Effect of foreign exchange rate changes	(9,287)	(16,111)
Cash and cash equivalents at the end of the reporting period	2,493,427	2,949,937

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 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 of Hong Kong Limited (“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 adopted, for the first time, the following new and amendments to HKFRSs issued by the HKICPA that are mandatorily 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

The Group has applied HKFRS 16 for the first time in the Period. HKFRS 16 superseded HKAS 17 Leases (“HKAS 17”), and the related interpretations.

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group has applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

##### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### As a lessee

##### Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component and instead account for the lease component and any associated non-lease components as a single lease component.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

##### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of leasehold land and buildings and motor vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

##### Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

##### Right-of-use assets *(Continued)*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the unaudited condensed consolidated statement of financial position.

##### Leasehold land and buildings

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

##### Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

##### Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

##### Lease liabilities *(Continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

As a lessor

##### Allocation of consideration to components of a contract

Effective on 1 April 2019, the Group applies HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessor (Continued)

##### 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.

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

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019. The Group recognises a right-of-use asset at the date of initial application for leases previously classified as an operating lease applying HKAS 17 at its carrying amount as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate at the date of initial application. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee *(Continued)*

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- (i) elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- (ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- (iii) used hindsight based on facts and circumstances as at date of initial application in determining the lease terms for the Group’s leases with extension and termination options.

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%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

	HK\$' 000
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	(557)
	43,140
Lease liabilities discounted at relevant incremental borrowing rates	(15,442)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019 (unaudited)	27,698
Analysed as:	
Current	666
Non-current	27,032
	27,698

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

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

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

Note: Upfront payments for leasehold land 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

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The application has no material impact on the Group's unaudited condensed consolidated statement of financial position as at 1 April 2019.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

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
<b>Non-current assets</b>			
Right-of-use assets	-	559,622	559,622
Prepaid lease payments	513,822	(513,822)	-
<b>Current asset</b>			
Prepaid lease payments	18,102	(18,102)	-
<b>Current liability</b>			
Lease liabilities	-	(666)	(666)
<b>Non-current liability</b>			
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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

### 2.2 Significant changes in significant judgements and key sources of estimation uncertainty

#### *Lease term*

In determination on lease term of contracts with renewal options, the Group applies judgement to determine the lease term for lease contracts in which it is a lessee that include renewal option. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

#### *Incremental borrowing rate*

In determination on incremental borrowing rate, the Group applies judgement to determine the applicable rate to calculate the present value of lease payments. The incremental borrowing rate of the Group applies, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 3. REVENUE

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

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 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 Six months ended 30 September		Segment results Six months ended 30 September	
	2019	2018	2019	2018
	(unaudited) HK\$' 000	(unaudited) HK\$' 000	(unaudited) HK\$' 000	(unaudited) HK\$' 000
<b>Business segments</b>				
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
	<b>1,238,031</b>	1,536,451	<b>570,890</b>	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			(439,866)	2,575,489

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2019	2018
	(unaudited) HK\$' 000	(unaudited) HK\$' 000
Net exchange loss	(51,687)	(81,591)
Gain on disposal of subsidiaries ( <i>note 16</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	–
	<b>667,897</b>	<b>703,714</b>

## 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 7. TAXATION CHARGE

	Six months ended	
	30 September	
	2019	2018
	(unaudited)	(unaudited)
	HK\$' 000	HK\$' 000
Taxation charge comprises:		
Current tax		
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	–
	<b>57,555</b>	55,641
Overprovision in prior years		
Hong Kong Profits Tax	(1,420)	(66)
UK Income Tax	(118)	(59)
	<b>(1,538)</b>	(125)
Deferred taxation	<b>29,650</b>	115,031
	<b>85,667</b>	170,547

The Inland Revenue (Amendment) (No.7) Bill 2017 which introduces the two-tiered profits tax rates regime was passed by the Hong Kong Legislative Council on 28 March 2018 and gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited condensed consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 7. TAXATION CHARGE (Continued)

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

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

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

## 8. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 September	
	2019 (unaudited) HK\$' 000	2018 (unaudited) HK\$' 000
<b>(Loss) earnings</b>		
(Loss) earnings ((loss) profit for the period attributable to owners of the Company) for the purpose of basic (loss) earnings per share	(519,311)	2,504,915
	Six months ended 30 September	
	2019 (unaudited)	2018 (unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	3,677,545,667	3,677,545,667

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 9. DIVIDEND

	Six months ended 30 September	
	2019 (unaudited) HK\$' 000	2018 (unaudited) 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)	231,685	224,330

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 10. ADDITIONS TO INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PROPERTIES UNDER DEVELOPMENT FOR SALE (Continued)

### *Investment properties (Continued)*

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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 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
	<b>405,011</b>	<b>405,032</b>

## 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
	<b>87,803</b>	<b>107,645</b>
Chips on hand	113,079	122,888
Other receivables	431,612	416,852
Deposits and prepayments	1,004,030	896,744
	<b>1,636,524</b>	<b>1,544,129</b>

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 September 2019*

## **13. TRADE AND OTHER RECEIVABLES** *(Continued)*

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. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSSES (“ECL”) MODEL**

The Group’s maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge obligation by the counterparties at the end of reporting period are arising from the carrying amounts of the respective recognised financial assets as stated in the unaudited condensed consolidated statement of financial position.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually. In this regard, the Directors consider that the Group’s credit risk is significantly reduced.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 14. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSSES (“ECL”) MODEL *(Continued)*

During the Period, the Group reversed loss allowance for ECL of HK\$265,000 (2018: made loss allowance of HK\$4,931,000) for certain trade receivables as the amounts were recovered (2018: uncollectible). No additional lifetime ECL was recognised the Period as the management has assessed the creditability and subsequent settlement of these customers and all available forward looking information including but not limited to the economic outlook, and concluded that the credit risk of the trade receivables is insignificant. At the end of the reporting period impairment allowance with an aggregate balance of HK\$46,322,000 (31 March 2019: HK\$46,587,000) represents individually impaired balances from these trade receivables that the management of the Group considered as uncollectible.

For the rest of other receivables including chips on hand, deposits in designated bank account for development properties, pledge bank deposits, short-term bank deposit and bank balances, no allowance for impairment was made since the management of the Group considered the probability of default is negligible after assessing counterparties’ financial background and creditability or the counterparties are bank with high credit ratings assigned by international credit-rating agencies, and have low credit risk.

## 15. 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) HK\$’ 000	At 31 March 2019 (audited) HK\$’ 000
0–90 days	54,772	45,636
91–180 days	76	165
Over 180 days	–	37
	<b>54,848</b>	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
	<b>1,098,967</b>	1,146,091

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 16. GAIN ON DISPOSAL OF SUBSIDIARIES

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

- (a) 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.

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries were as follows:

	HK\$' 000
Cash consideration received	1,100,122

The net assets of the subsidiaries at the date of disposal were as follows:

	HK\$' 000
Investment properties	100,000
Property, plant and equipment	354,831
Debtors, deposits and prepayments	2
	454,833

Gain on disposal is calculated as follows:

	HK\$' 000
Cash consideration received	1,100,122
Assets revaluation reserve released	72,796
Net assets of the subsidiaries disposed of	(454,833)
Expenses on the disposal	(5,500)
Net gain on disposal	712,585

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 16. GAIN ON DISPOSAL OF SUBSIDIARIES (Continued)

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

- (b) 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 ("AY 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.

An analysis of the net inflow of cash and cash equivalents in respect of disposal of a subsidiary was as follows:

	HK\$' 000
Cash consideration received	40,000
Bank balances and cash disposed of	(26)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	39,974

The net assets of the subsidiary at the date of disposal was as follows:

	HK\$' 000
Property, plant and equipment	42,695
Debtors, deposits and prepayments	1,046
Bank balances and cash	26
Trade and other payables	(4,113)
	39,654

Gain on disposal is calculated as follows:

	HK\$' 000
Repayment of loan due to a related company	784,959
Cash consideration received	40,000
Net assets of a subsidiary disposed of	(39,654)
Net gain on disposal	785,305

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 17. RELATED PARTY TRANSACTIONS

- (a) Other than disclosed in notes 5, 11, 13, 15 and 16, the Group also had the following significant transactions with related parties during both periods:

	Six months ended 30 September	
	2019 (unaudited) HK\$' 000	2018 (unaudited) HK\$' 000
Commission to Dr. Albert Yeung in his capacity as a patron of the Group's VIP rooms	172	552
Financial services expenses to related companies	549	526
Interest income from a joint venture	7,567	6,855
Interest expenses to related companies	59,627	73,524
Purchase of property, plant and equipment and merchandising goods from related companies	359	1,041
Rental income from related companies	101,470	122,452
Secretarial fee expenses to a related company	408	470
Share of administrative expenses by related companies	40,103	40,306

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 17. RELATED PARTY TRANSACTIONS (Continued)

- (b) The key management personnel of the Company are Directors and the total remunerations paid to them are as follows:

	Six months ended 30 September	
	2019 (unaudited) HK\$' 000	2018 (unaudited) HK\$' 000
Fees	1,170	1,149
Salaries and other short term benefit	8,682	7,906
	<b>9,852</b>	9,055

(c) **Rent-free quarter to Dr. Albert Yeung**

The Group had entered into an accommodation contract with Dr. Albert Yeung under which the Group provided Dr. Albert Yeung and his associates (including Ms. Luk Siu Man, Semon (“Ms. Semon Luk”), Chairperson and Non-executive Director of the Company and the spouse of Dr. Albert Yeung) the exclusive right to use and occupy a property of the Group as rent-free quarter (including related expenses in relation to the usage of the property) as his emolument for his services as a consultant of the Group. The market rental values and the related expenses of the quarter for the period ended 30 September 2018 was approximately HK\$2,659,000 (2019: nil). The accommodation contract was terminated on 13 June 2018.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 17. RELATED PARTY TRANSACTIONS (Continued)

### (d) Amounts due to related parties

	At 30 September 2019 (unaudited) HK\$' 000	At 31 March 2019 (audited) HK\$' 000
Amounts due to non-controlling interests of subsidiaries	43,100	46,200
Amount due to related companies	1,169,744	1,229,228

Related companies are companies controlled by a Director of the Company or companies controlled by private discretionary trusts of which Dr. Albert Yeung is also the founder of the trusts.

## 18. COMMITMENTS

	At 30 September 2019 (unaudited) HK\$' 000	At 31 March 2019 (audited) HK\$' 000
Contracted for but not provided in the unaudited condensed consolidated financial statements, net of deposits paid, in respect of:		
– investment properties	662,501	1,064,522
– property, plant and equipment	29,686	5,657
– properties under development for sale	316,694	360,485
	1,008,881	1,430,664

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 19. PLEDGE OF ASSETS

Certain assets of the Group were pledged to banks to secure banking facilities granted to the Group. The carrying values of these assets at the end of the reporting period were as follows:

	At 30 September 2019 (unaudited) HK\$' 000	At 31 March 2019 (audited) HK\$' 000
Bank deposits	44,661	43,700
Investment properties	40,865,826	42,833,949
Properties under development for sale	1,915,465	1,787,071
Buildings, including relevant leasehold land in Hong Kong	357,382	410,776
Hotel properties, including relevant leasehold land in Hong Kong	2,635,318	3,013,511
Right-of-use assets	552,924	–
Prepaid lease payments	–	531,924
Others ( <i>Note</i> )	54,833	69,376
	<b>46,426,409</b>	<b>48,690,307</b>

*Note:* Others represent floating charges over certain other assets of the Group including principally property, plant and equipment (other than hotel properties), inventories, trade and other receivables and bank balances.

The Group also had a bank deposit of HK\$344,000 (31 March 2019: HK\$340,000) pledged to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

## 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair value of the Group's financial instruments are measured at the end of each reporting period on a recurring basis, categorised into the three level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified and determined with reference to the observable and significance of the inputs used in the valuation technique is as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets	Fair value at		Fair value hierarchy	Valuation techniques and key inputs
	30 September 2019 (unaudited) HK\$' 000	31 March 2019 (audited) HK\$' 000		
Cross currency rate swap contract classified as derivative financial instruments in the unaudited condensed consolidated statement of financial position	-	11,415	Level 2	Discounted cash flow: Future cash flows are estimated based on forward currency exchange rates (from observable yield curves at the end of the reporting period) and contracted currency exchange rates, discounted at a rate that reflects the credit risk of various counterparties.
Debt instruments at FVTOCI	<b>456,807</b>	468,808	Level 1	Quoted bid prices in an active market.

There were no transfers between Level 1, 2 and 3 during the Period and year ended 31 March 2019.

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair value.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2019, the following Directors and chief executives of the Company had or were deemed or taken to have interests and short positions in the following shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (“EHL Securities Code”):

### (A) LONG POSITIONS INTERESTS IN THE COMPANY

#### (i) Ordinary shares of HK\$0.01 each of the Company (the “Shares”)

Name of Director	Capacity/ Nature of interests	Number of issued Shares interested	% of issued voting Shares
Ms. Semon Luk	Interest of spouse	2,747,610,489 <i>(Note)</i>	74.71%
Mr. Yeung Ching Loong, Alexander (“Mr. Alex Yeung”)	Eligible beneficiary of the AY Trust	2,747,610,489 <i>(Note)</i>	74.71%
Ms. Fan Man Seung, Vanessa	Beneficial owner	10,500,000	0.29%

*Note:*

These Shares were held by Emperor International Group Holdings Limited (“Emperor International Group Holdings”), a wholly-owned subsidiary of Albert Yeung Holdings Limited (“AY Holdings”). AY Holdings is held by STC International Limited (“STC International”) in trust of the AY Trust, a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the said Shares held by Emperor International Group Holdings. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk had deemed interests in the same Shares whereas Mr. Alex Yeung also had deemed interests in the same Shares by being one of the eligible beneficiaries of the AY Trust.

# DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

## (A) LONG POSITIONS INTERESTS IN THE COMPANY *(Continued)*

### (ii) Debentures

Name of Director	Capacity/ Nature of interests	Amount of debentures held
Mr. Wong Chi Fai	Interest of controlled corporation	HK\$2,000,000

## (B) LONG POSITIONS INTERESTS IN ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of ordinary shares interested	% of issued voting shares
Ms. Semon Luk	Emperor Entertainment Hotel Limited ("Emperor E Hotel")	Interest of spouse	851,352,845	68.61%
	Emperor Watch & Jewellery Limited ("Emperor W&J")	Interest of spouse	4,290,850,000	63.29%
	Ulferts International Limited ("Ulferts")	Interest of spouse	600,000,000	75.00%
Mr. Alex Yeung	Emperor E Hotel	Eligible beneficiary of a private trust	851,352,845	68.61%
	Emperor W&J	Eligible beneficiary of a private trust	4,290,850,000	63.29%
	Ulferts	Eligible beneficiary of a private trust	600,000,000	75.00%

### Note:

These shares were ultimately owned by respective private trusts which are also founded by Dr. Albert Yeung. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk had deemed interests in the same shares whereas Mr. Alex Yeung also had deemed interests in the same shares by being one of the eligible beneficiaries of such private trusts.

Save as disclosed above, as at 30 September 2019, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO).

## OTHER PERSONS' INTERESTS IN SECURITIES

So far as is known to any Directors or chief executives of the Company, as at 30 September 2019, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO ("DI Register") were as follows:

### LONG POSITIONS IN SHARES

Name	Capacity/ Nature of interests	Number of Shares interested	% of issued voting Shares
AY Holdings	Interest in a controlled corporation	2,747,610,489	74.71%
STC International	Trustee of the AY Trust	2,747,610,489	74.71%
Dr. Albert Yeung	Founder of the AY Trust	2,747,610,489	74.71%

*Note:* These Shares were the same Shares of which Ms. Semon Luk and Mr. Alex Yeung have deemed interests as set out under Section (A)(i) of "Directors' and Chief Executives' Interests in Securities" above.

Save as disclosed above, as at 30 September 2019, the Directors or chief executives of the Company were not aware of any other persons or corporations (other than the Directors and chief executives of the Company) who had, or were deemed or taken to have, any interests or short positions in Shares or underlying Shares as recorded in the DI Register.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SHARE OPTIONS

To enable the Group to attract, retain and motivate talented participants to strive for future developments and expansion of the Group, the Company adopted a share option scheme on 15 August 2013. Since then, no share options were granted thereunder.

## 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 EHL Securities Code on no less exacting terms than the required standards set out in Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) in Appendix 10 of the Listing Rules. 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 EHL 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.

## CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any change in the Directors' information which is required to be disclosed pursuant to Rule 13.51(B) of the Listing Rules since the date of the 2018/2019 Annual Report.

## REVIEW OF INTERIM REPORT

The condensed consolidated financial statements of the Group for the Period as set out in this interim report 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 the three Independent Non-executive Directors of the Company.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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.

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

This Interim Report (in both English and Chinese versions) is available to any shareholder in printed form and on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.emperorint.com>). In order to protect the environment, the Company highly recommends the shareholders to elect to receive electronic copy of this Interim Report. Shareholders may have the right to change their choice of receipt of our future Corporate Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong or by email at [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com).