



EMPEROR (CHINA CONCEPT) INVESTMENTS LIMITED
英皇（中國概念）投資有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 296)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2004

RESULTS

The board of directors (the “Board”) of Emperor (China Concept) Investments Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2004 together with comparative figures for the corresponding year in 2003 are as follows:

	<i>Notes</i>	2004 HK\$'000	2003 <i>HK\$'000</i> (restated)
Turnover	3	-	31,439
Cost of sales		-	(15,353)
Gross profit		-	16,086
Other operating income		12,716	5,549
Selling and marketing expenses		-	(867)
Administrative expenses		(2,808)	(21,248)
Impairment loss reversed (recognised) in respect of properties under development		93,062	(7,326)
Impairment loss reversed in respect of property, plant and equipment		-	26,741

	<i>Notes</i>	2004 HK\$'000	2003 HK\$'000 (restated)
Profit from operations	3&4	102,970	18,935
Finance costs	5	(679)	(12,195)
Gain on disposal of subsidiaries		-	35,815
Loss on winding up of subsidiaries		-	(675)
Allowance for doubtful recovery of amount due from an unconsolidated subsidiary		-	(627,168)
Profit (loss) before taxation		102,291	(585,288)
Taxation	6	6,941	(381)
Profit (loss) before minority interests		95,350	(585,669)
Minority interests		(8,968)	(12,597)
Profit (loss) attributable to shareholders		86,382	(598,266)
Earnings (loss) per share – basic	7	HK\$7.85	HK\$(54.4)

Notes:

1. Basis of preparation and accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong.

The principal accounting policies adopted in preparing the audited consolidated results conform with Statements of Standard Accounting Practice (“SSAP(s)”) issued by the Hong Kong Society of Accountants (“HKSA”) and are consistent with those followed in the Group’s annual financial statements for the year ended 31st March, 2003, except as described below.

In the current year, the Group has adopted, for the first time, the following Hong Kong Financial Reporting Standard (“HKFRS”) issued by the HKSA. The term HKFRS is inclusive of SSAPs, Hong Kong Accounting Standards and Interpretations approved by the HKSA.

SSAP 12 (Revised) Income taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred taxation. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred taxation is recognised in respect of all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The adoption of SSAP 12 (Revised) has decreased the net profit for the year ended 31st March, 2004 by approximately HK\$5,533,000 but has had no material effect on the results for the prior accounting periods.

2. Change in Accounting Policy

In the current year, the directors of the Company have reviewed the Group's accounting policy for property under development. In previous years, the rental and other incidental income received and receivable during the period of development were netted off against development cost and included in the property under development. In the current year, the Group has changed its accounting policy to recognise the rental and other incidental income received and receivable as income in the consolidated income statement. The new accounting policy has been applied to be consistent with the requirements of the Hong Kong Accounting Standard No. 16 "Property, Plant and Equipment" issued by the HKSA in April 2004 and has been applied retrospectively. The change in accounting policy has increased both the other operating income and cost of property under development by approximately HK\$3,726,000 for the year ended 31st March, 2004 (2003: HK\$4,266,000). Accordingly, the impairment loss reversed in respect of the property under development for the year ended 31st March, 2004 has been decreased by approximately HK\$3,726,000 (2003: impairment loss recognised increased by HK\$4,266,000). Accordingly, the change in accounting policy has had no net effect on the results for the current or prior accounting periods.

3. Segment Information

In accordance with the Group's internal financial reporting, the Group has determined business segments to be presented as the primary reporting format and geographical segments as the secondary reporting format. An analysis of the Group's turnover and results by business segments is as follows:

	Property sales and development <i>HK\$'000</i>	2004 Unallocated corporate items <i>HK\$'000</i>	Total <i>HK\$'000</i>
TURNOVER	-	-	-
RESULTS			
Segment results	102,993	(2,257)	100,736
Interest income			2,234
Profit from operations			102,970
Finance costs			(679)
Profit before taxation			102,291
Taxation			(6,941)
Profit before minority interests			95,350

	2003		Unallocated corporate items <i>HK\$'000</i>	Total <i>HK\$'000</i>
	Continuing operation <u>Property sales and development <i>HK\$'000</i></u>	Discontinuing operation <u>Holiday resort operation <i>HK\$'000</i></u>		
TURNOVER	19,813	11,626	-	31,439
RESULTS				
Segment results	12	21,510	(2,965)	18,557
Interest income				378
Profit from operations				18,935
Finance costs				(12,195)
Gain on disposal of subsidiaries	27,703	-	8,112	35,815
Loss on winding up of subsidiaries	(675)	-	-	(675)
Allowance for doubtful recovery of amount due from an unconsolidated subsidiary	(627,168)	-	-	(627,168)
Loss before taxation				(585,288)
Taxation				(381)
Loss before minority interests				(585,669)

During the year, less than 10% of the operations of the Group in terms of turnover and results of operations are carried out outside the People's Republic of China ("PRC"). Accordingly, no geographical segmental information is shown.

4. Profit from operations

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i> (restated)
Profit from operations has been arrived at after charging:		
Depreciation	2	3,651
Loss on disposal of property, plant and equipment	-	301
and after crediting:		
Interest income from:		
– bank deposits	41	331
– loan receivable	2,193	47
Rental income (net of nil outgoings)	3,703	4,240
Reversal of allowance for amount due from a minority shareholder of a subsidiary	<u>6,779</u>	<u>-</u>

5. Finance costs

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interest on:		
– amount due to a related company	(679)	(9,606)
– debentures	–	(2,589)
	<u>(679)</u>	<u>(12,195)</u>

6. Taxation

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The charge comprises:		
Current tax		
PRC enterprise income tax	(1,113)	–
Underprovision in prior years		
PRC enterprise income tax	(295)	(381)
Deferred taxation		
Current year	(5,533)	–
	<u>(6,941)</u>	<u>(381)</u>

The PRC enterprise income tax is calculated at the rates prevailing in the PRC.

No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both years.

7. Earnings (loss) per share

The calculation of the basic earnings (loss) per share is based on the Group's consolidated profit attributable to shareholders of approximately HK\$86,382,000 (2003: loss of approximately HK\$598,266,000) and on 11,006,883 (2003: 11,006,883) ordinary shares in issue during the year.

Diluted earnings per share has not been presented for the year ended 31st March, 2004 as the Company had no dilutive potential ordinary shares for the year.

Diluted loss per share was not presented for the year ended 31st March, 2003 as the Company's debentures were fully cancelled during that year and the exercise price of the debentures was higher than the average market price of the Company's shares in the period up to the cancellation date of that year.

DIVIDEND

The Board did not recommend payment of dividend for the year ended 31st March, 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March, 2004, the Group recorded a net profit of approximately HK\$86.4 million as compared with a net loss of approximately HK\$598.3 million in the previous year. The net profit for the year was mainly attributable to reversal of impairment loss in respect of property under development of approximately HK\$93.1 million and reversal of allowance for doubtful recovery of loan receivable from a minority shareholder of a subsidiary of approximately HK\$6.8 million.

However, no turnover was recorded during the year, as compared with a turnover of approximately HK\$31.4 million in the previous year, as the existing property development project in Shanghai, the PRC was still in an investment stage.

OPERATION REVIEW

The development project and investment of the Group were as follows:

Yu Yuan, Shanghai

During the year, the Group had licensed the property to maximise its income, but the licence agreement was terminated in February, 2004 to cater for the Group's development plan in the coming year.

Post balance sheet events

The Group previously held 90% interest in the development project in Yu Yuan, Shanghai. On 26th April, 2004, the Group entered into a conditional sale and purchase agreement with Star City Entertainment Holdings Limited ("Star City") to acquire the remaining 10% interest in the project. The acquisition was completed on 9th June, 2004 at a consideration comprising waiver of all liabilities amounting to approximately HK\$37.8 million due by Star City to the Group arising as a result of the project and repayment to Star City of its initial investment in the project in the amount of HK\$16.0 million.

On 26th May, 2004, the Group entered into a conditional cooperative joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao Investment Development Co. Ltd. ("JV Partner") pursuant to which both parties agreed to jointly develop the property in Yu Yuan, Shanghai, with the JV Partner being responsible for the construction work of the project at its own cost. Details of the joint venture arrangement had been disclosed in the Company's circular dated 30th June, 2004. As at the date of this announcement, the JV Agreement is still subject to the approval of the shareholders of the Company in the special general meeting of the Company to be held on 16th July, 2004.

Hong Tai Building, Chongqing

The Group had entered into an agreement (“Agreement”) with Chongqing Hong Tai Property Development Co., Ltd. (“Hong Tai”) to acquire certain units and car parking spaces (collectively referred to as “Properties”) at Chongqing Hong Tai Building (“Building”), the construction work of which had been suspended. In view of the prolonged suspension of the development, the Group had already made full provision for the paid deposit of RMB29.05 million (approximately HK\$25.9 million) in the previous years. During the year, the Group commenced legal proceedings against Hong Tai due to its failure to complete and deliver vacant possession of the Properties in accordance with the Agreement.

Post balance sheet event

A court judgment was issued on 12th April, 2004 under which Hong Tai was ordered to deliver the Properties or to refund a sum of RMB29.05 million together with accrued interests to the Group. The Group had recently been informed that as the Building had remained uncompleted for a long time, the court in Chongqing had sold the Building (including the Properties) and the Group would be entitled to part of the sales proceeds.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

During the year, the Group continued to finance its operations and capital expenditure through internally generated cash flow from operations and advances from related companies and a minority shareholder of a subsidiary.

As at 31st March, 2004, advances from related companies and a minority shareholder of a subsidiary were approximately HK\$25.9 million and HK\$17.5 million respectively. Out of these advances, approximately HK\$9.9 million of the advances from a related company were interest bearing at prevailing market rates while HK\$16.0 million from another related company and the advances from a minority shareholder of a subsidiary were interest-free. All these advances were denominated in Hong Kong dollars, unsecured and had no fixed terms of repayment.

Save as disclosed above and the accrued charges and other payables, the Group had no other external borrowings as at 31st March, 2004. The Group’s bank and cash in hand as at the same date was approximately HK\$5.6 million, which was denominated in Hong Kong dollars, U.S. dollars and Reminbi. During the year, the Group had no significant exposure to foreign exchange rate fluctuation.

As at 31st March, 2004, the Group had current assets of approximately HK\$40.8 million and current liabilities of approximately HK\$1.5 million. As at the same date, the Group had a debt to equity ratio (expressed as a percentage of total liabilities over shareholders’ fund) of 14% as compared to 18% in the preceding financial year.

NUMBER AND REMUNERATION OF EMPLOYEES

Following disposal by the Group of Lacework Profits Limited and its subsidiaries in the previous year, no regular staff was employed by the Group as at 31st March, 2004. Total staff costs for the year, mainly represented by directors' remuneration, was approximately HK\$0.5 million. As disclosed under the heading of "Yu Yuan, Shanghai" above, the Group had entered into the JV Agreement to develop the property jointly with the JV Partner. Subject to the approval of the JV Agreement by the shareholders of the Company, it is expected that the construction work of the project would commence soon, and the Group would recruit new staff when appropriate.

The Company adopted a share option scheme on 2nd September, 2002, the purpose of which was to provide incentives or rewards to participants. No option had been granted since its adoption.

PROSPECTS

The core business of the Group remained property development and investment in the PRC. During the year, the Group has taken steps to reactivate its development project in Shanghai to benefit from the thriving property market, while at the same time cautiously exploring suitable investment opportunity to enlarge its land bank and broaden its income stream.

FULL DETAILS OF FINANCIAL INFORMATION

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (before the amendments made on 31st March, 2004) will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

By Order of the Board
Luk Siu Man, Semon
Chairperson

Hong Kong, 6th July, 2004

** for identification purpose only*

Please also refer to the published version of this announcement in China Daily.