



EMPEROR (CHINA CONCEPT) INVESTMENTS LIMITED

英皇(中國概念)投資有限公司*

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2003

INTERIM RESULTS

The board of directors (the "Board") of Emperor (China Concept) Investments Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30th September, 2003 (the "Period") together with comparative figures for the corresponding period in 2002 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30th September, 2003 (unaudited) HK\$'000	30th September, 2002 (unaudited) HK\$'000
Turnover	Notes		
Cost of sales	3	-	18,966
Impairment loss recognised in respect of properties held for sale		-	(9,399)
Gross profit		-	6,102
Other operating income		2,271	670
Selling and marketing expenses		-	(513)
Administrative expenses		(1,800)	(11,425)
Profit (loss) from operations	3 & 4	471	(5,166)
Finance costs	5	(414)	(7,549)
Gain on disposal of a subsidiary		-	27,703
Loss on winding up of subsidiaries		-	(675)
Allowance for doubtful recovery of amount due from an unconsolidated subsidiary		-	(627,164)
Profit (loss) before taxation		57	(612,851)
Taxation	6	(625)	(378)
Loss before minority interests		(568)	(613,229)
Minority interests		(124)	(11,663)
Loss attributable to shareholders		(692)	(624,892)
Loss per share-basic	7	HKS(0.06)	HKS(56.77)

Notes:

1. Basis of preparation

The condensed 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 (the "Stock Exchange") and with Statement of Standard Accounting Practice ("SSAP") No.25 "Interim financial reporting" issued by the Hong Kong Society of Accountants.

2. Principal accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties.

The principal accounting policies adopted in preparing the unaudited consolidated results are consistent with those followed in the Group's annual financial statements for the year ended 31st March, 2003, except as described below.

Income Taxes

In the Period, the Group has adopted SSAP 12 (Revised) "Income taxes" which is effective for accounting periods commencing on or after 1st January, 2003. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous periods, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax 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. This change in accounting policy has no material effect for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

3. Segment information

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format. An analysis of the Group's business segmental information is as follows:

	Continuing operation	Discontinuing operation	Unallocated corporate items	Total
	Property sales and development	Holiday resort operation (note)		
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
For the six months ended 30th September, 2003				
TURNOVER	—	—	—	—
RESULTS				
Profit (loss) from operations	1,972	—	(1,501)	471
Finance costs				(414)
Profit before taxation				57
Taxation				(625)
Loss before minority interests				(568)
Minority interests				(124)
Loss attributable to shareholders				(692)
	Continuing operation	Discontinuing operation	Unallocated corporate items	Total
	Property sales and development	Holiday resort operation (note)		
	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000	(unaudited) HK\$'000
For the six months ended 30th September, 2002				
TURNOVER	12,034	6,932	—	18,966
RESULTS				
Loss from operations	(2,163)	(1,524)	(1,479)	(5,166)
Gain on disposal of a subsidiary	27,703	—	—	27,703
Loss on winding up of subsidiaries	(675)	—	—	(675)
Allowance for doubtful recovery of amount due from an unconsolidated subsidiary	(627,164)	—	—	(627,164)
Finance costs				(7,549)
Loss before taxation				(612,851)
Taxation				(378)
Loss before minority interests				(613,229)
Minority interests				(11,663)
Loss attributable to shareholders				(624,892)

Note: On 29th March, 2003, the Group disposed of its 100% equity interests in Lacework Profits Limited and its subsidiaries, which carried out the Group's holiday resort operation and part of the Group's property sales and development operation. Accordingly, the Group's holiday resort operation was identified as a discontinuing operation in the corresponding period in 2002.

4. Profit (loss) from operations

	Six months ended	
	30th September, 2003 (unaudited) HK\$'000	30th September, 2002 (unaudited) HK\$'000
Profit (loss) from operations has been arrived at after charging:		
Depreciation and amortisation	1	1,796
and after crediting:		
Interest income from:		
– bank and other deposits	27	94
– loan receivable	124	–
Rental income	2,120	–
	<u>2,120</u>	<u>–</u>

5. Finance costs

	Six months ended	
	30th September, 2003 (unaudited) HK\$'000	30th September, 2002 (unaudited) HK\$'000
Interest on:		
– debentures	–	(2,539)
– amount due to a related company	(414)	(5,010)
	<u>(414)</u>	<u>(7,549)</u>

6. Taxation

Taxation charge for both periods represents the taxation arising in the People's Republic of China ("PRC"), which 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 periods.

7. Loss per share

The calculation of basic loss per share is based on the Group's unaudited consolidated loss attributable to shareholders of approximately HK\$692,000 (2002: HK\$624,892,000) and on 11,006,883 (2002: 11,006,883 ordinary shares adjusted to take into account of the effect of the 10 to 1 share consolidation effective on 31st March, 2003) ordinary shares in issue during the Period.

Diluted loss per share has not been presented for either period as the Company had no dilutive potential ordinary shares for the Period and the exercise price of the Company's debentures was higher than the average market price of the Company's shares in the corresponding period in 2002.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (2002: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the Group recorded a slight loss of approximately HK\$0.7 million, as compared with a net loss of approximately HK\$624.9 million in the last corresponding period. No turnover, however, was recorded for the Period, while the turnover for the previous corresponding period amounted to approximately HK\$19.0 million.

OPERATION REVIEW

The loss of the Group was greatly reduced as no similar writing off of investment, as was made in the previous corresponding period, was required for the Period. The slight loss for the Period was incurred as the Group's operating expenses slightly exceeded the license fee earned in respect of property held in Shanghai. The Group experienced a marked drop in its turnover as the existing property development project of the Group was still in the planning stage.

Emperor Star City, Shanghai

Emperor Star City, Shanghai is located in the famous tourist area of Yuyuan, Shanghai in the PRC. The management had been studying the latest market performance in Shanghai. Changes to the previously approved development scheme might be implemented to match the current market condition. During the Period, the Group had licensed the site to maximize the income of the Group.

Hong Tai Building, Chongqing

The Group had entered into agreement to acquire certain units and car parking spaces at Chongqing Hong Tai Building, the construction works of which had been suspended. In view of the prolonged suspension of the development, a full provision of the paid deposit of approximately HK\$18.7 million was made in previous financial years. The management had been exploring the possibility of disposing of its interest in the building to recover some of its investment cost.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There was no material change in the Group's sources of fund to finance its operation and capital expenditure, as well as its capital structure as disclosed in the Group's annual report for the year ended 31st March, 2003.

As at 30th September, 2003, the Group's current assets amounted to approximately HK\$37.1 million, comprising approximately HK\$26.8 million of deposits, prepayments and other receivables and approximately HK\$10.3 million of bank balances and cash held in hand (which were denominated in Reminbi, U.S. dollars and Hong Kong dollars). Current liabilities amounted to approximately HK\$2.4 million, representing accrued charges and other payables.

On the same date, advances from a minority shareholder of a subsidiary was approximately HK\$18.0 million which was non-interest bearing. The Group also had advances from related companies of approximately HK\$29.2 million, of which approximately HK\$13.2 million from a related company was interest bearing at prevailing market rates while HK\$16.0 million from another related company was non-interest bearing. All these advances were denominated in Hong Kong dollars, unsecured and had no fixed repayment term.

Save as disclosed above, the Group had no other external borrowings at the end of the Period. With the borrowings and bank and cash held in hand denominated in Reminbi, U.S. dollars and Hong Kong dollars, the management expected no significant exposure to foreign exchange rate fluctuation in the coming year.

The Group's debt to equity ratio (expressed as a percentage of total liabilities over shareholders' fund) as at 30th September, 2003 was 19% as compared to 18% in preceding financial year.

NUMBER AND REMUNERATION OF EMPLOYEES

As at the end of the Period, the Group had no staff under employment. Total staff costs, representing directors' remuneration for the Period was approximately HK\$0.5 million. The management in Hong Kong would continue to monitor the daily operation of the existing development project and recruit new staff when the construction works of the project commenced.

The Company also has a share option scheme adopted on 2nd September, 2002, the purpose of which was to provide incentives or rewards to participants thereunder for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest. No option had been granted since its adoption.

PROSPECTS

The main business of the Group is property investment and development in the PRC. In view of the volatile property market in the PRC, the management will cautiously explore new investment opportunities in the PRC.

FULL DETAILS OF FINANCIAL INFORMATION

All information of the Group's results for the Period as required by paragraphs 46(1) to 46(6) of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Luk Siu Man, Semon
Chairperson

Hong Kong, 18th December, 2003

* for identification purpose only

Please also refer to the published version of this announcement in The Standard dated on 19-12-2003.