



EMPEROR ENTERTAINMENT HOTEL LIMITED

英皇娛樂酒店有限公司*

(formerly known as EMPEROR (CHINA CONCEPT) INVESTMENTS LIMITED)

(Incorporated in Bermuda with limited liability)

(Stock Code : 296)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH, 2005

RESULTS

The board of directors (the "Board") of Emperor Entertainment Hotel 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, 2005 together with comparative figures for the corresponding year in 2004 are as follows:

	Notes	2005 HK\$'000	2004 HK\$'000
Turnover	3	18,236	–
Cost of sales		(470)	–
Direct operating expenses		(6,355)	–
Gross profit		11,411	–
Other operating income		3,348	12,716
Selling and marketing expenses		(328)	–
Administrative expenses		(11,929)	(2,808)
Reversal of impairment loss in respect of property under development		–	93,062
Reversal of allowance for deposit paid for the purchase of properties	4	15,168	–
Profit from operations	3&5	17,670	102,970
Finance cost	6	(509)	(679)
Profit before taxation		17,161	102,291
Taxation	7	–	(6,941)
Profit before minority interests		17,161	95,350
Minority interests		435	(8,968)
Profit attributable to shareholders		17,596	86,382
Earnings per share – basic (2004: restated)	8	HK\$0.05	HK\$0.37

Notes:

1. Basis of Preparation and Principal 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 issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and are consistent with those followed in the Group's annual financial statements for the year ended 31st March, 2004, except the early adoption of certain new or revised Hong Kong Financial Reporting Standards ("HKFRS"s) and Hong Kong Accounting Standards ("HKAS"s) issued by the HKICPA as described in note 2 below.

2. Adoption of New Hong Kong Financial Reporting Standards

In 2004, the HKICPA issued a number of new or revised HKFRSs and HKASs which are effective for accounting periods beginning on or after 1st January, 2005. The Group has early adopted HKFRS 3 "Business combinations" ("HKFRS 3") retrospectively from 1st April, 2004 in accounting for its goodwill and HKAS 36 "Impairment of assets" ("HKAS 36") and HKAS 38 "Intangible assets" ("HKAS 38").

In the current year, the Group adopted retrospectively, HKFRS 3 to business combinations and HKAS 36 and HKAS 38. HKFRS 3 requires goodwill arising from acquisitions to be determined as the excess of the cost of acquisition over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities on the date of acquisition. After initial recognition, HKFRS 3 requires goodwill to be carried at cost less accumulated impairment losses. HKFRS 3 prohibits the amortisation of goodwill. Under HKAS 36, impairment reviews are required annually, or more frequently if there are indications that goodwill might be impaired. The application of HKFRS 3 has resulted in the recognition of goodwill of approximately HK\$18,301,000 which is not subject to amortisation but, impairment reviews are required. The application of HKAS 36 and HKAS 38 have no material effect to the Group.

The Group has commenced considering the potential impact of the other new or revised HKFRSs and HKASs but is not yet in a position to determine whether these new standards would have a significant impact on how its results of operation and financial position are prepared and presented. These new standards may result in changes in the future as to how the results and financial position are prepared and presented and has so concluded that the adoption of these new or revised HKFRSs and HKASs may have impact to its consolidated financial statements.

The PRC enterprise income tax is calculated at the rates prevailing in the People's Republic of China (the "PRC").
No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both years.

8. Earnings per Share

The calculation of the basic earnings per share is based on the Group's profit attributable to shareholders of approximately HK\$17,596,000 (2004: HK\$86,382,000) and on 367,647,583 (2004: 232,716,955 weighted average ordinary shares after adjusting for the effect of 1 to 10 share subdivision and rights issue effective on 3rd January, 2005 and 21st January, 2005, respectively) weighted average ordinary shares in issue during the year.

Diluted earnings per share has not been presented as the Company had no dilutive potential ordinary shares for both years.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March 2005, the Company changed its name from Emperor (China Concept) Investments Limited and the Group repositioned itself as a gaming platform. Boosted by leasing of the casino area of its cruise ship named "Golden Princess", the Group's turnover reached approximately HK\$18.2 million, as compared with no turnover in the previous year. No turnover was recorded in the previous year because the property development project in Shanghai, the PRC was still in investment stage.

The Group recorded a net profit of approximately HK\$17.6 million, attributable mainly to the recovery of approximately HK\$15.2 million, being part of the deposit paid for the purchase of Hong Tai Building, Chongqing. The net profit for the previous year in the sum of approximately HK\$86.4 million on the other hand was mainly attributable to the reversal of impairment loss of property under development and reversal of allowance for doubtful recovery of loan receivable from a minority shareholder.

Dividend

The Board did not recommend payment of dividend for the year ended 31st March, 2005.

OPERATION REVIEW

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

Cruise and cruise related activities

This segment recorded turnover of approximately HK\$18.2 million and profit of approximately HK\$6.1 million.

On 15th February 2005, the Group acquired a cruise ship, "Golden Princess", from Pleasure Road Profits Limited ("Pleasure Road"), a company in which a deemed substantial shareholder of the Company is interested. The consideration of the vessel was US\$17 million (equivalent to approximately HK\$132.6 million), which had been satisfied by allotment and issue of 104,409,000 new shares of HK\$0.0001 each of the Company at the price of HK\$1.27 per share.

Turnover of this segment was mainly derived from leasing of the casino area of Golden Princess to a casino operator at a monthly rent of HK\$9.0 million plus 30% of the net profit of the casino operation.

Hotel and gaming operations

On 25th January, 2005, from Lion Empire Investments Limited, a company in which a deemed substantial shareholder of the Company is interested, the Group acquired indirectly 45% interests in a development project of a hotel with casino operations in Macau.

The hotel, located in the city centre of Macau, formerly an office premises, is currently under renovation. There will be about 300 hotel rooms, retail facilities and gaming facilities including gaming tables and slot machines. The gaming operation is scheduled to commence as early as September 2005 while the hotel is expected to be fully operational by the end of 2005.

Property sales and development

This segment recorded a profit of approximately HK\$17.2 million mainly from the recovery of part of deposit paid for the purchase of Hong Tai Building, Chongqing. There was no sales of property during the year.

Yu Yuan, Shanghai

The Group previously held 90% interests in a development project in Yu Yuan, Shanghai. On 9th June, 2004, the Group acquired the remaining 10% interests from its joint venture partner at a consideration comprising waiver of approximately HK\$37.8 million in liabilities due by the joint venture partner to the Group in relation to the project and repayment of the initial investment by the joint venture partner in the project in the amount of HK\$16.0 million.

On 26th May, 2004, the Group entered into a cooperative joint venture agreement with Shenzhen Lianhe Jinhao Investment Development Co., Ltd. ("JV Partner") in which both parties agreed to jointly develop the property in Yu Yuan, Shanghai, with the JV Partner being responsible for the construction works of the project in return for entitlement to 50% of the floor area of the completed development.

The Group planned to develop the property into a commercial complex featuring a shopping arcade. The project had a groundbreaking ceremony in June 2005 and is scheduled to complete in early 2007.

Hong Tai Building, Chongqing

The Group had entered into an agreement with Hong Tai to acquire the Properties at Hong Tai Building in Chongqing. However, the construction works of the building had been suspended. In view of the prolonged suspension of the development, a full provision for the deposit paid of HK\$25.9 million was made in previous years.

During the year, a court judgment was issued ordering Hong Tai to refund the deposit together with accrued interest to the Group and the Group recovered part of the deposit paid for the purchase of Hong Tai Building in the amount of approximately HK\$15.2 million.

CAPITAL STRUCTURE

During the year, as a result of the following corporate exercises, the authorised and issued share capital of the Company became 2,000,000,000,000 shares and 928,771,980 shares of HK\$0.0001 each as compared with 200,000,000,000 shares and 11,006,883 shares of HK\$0.001 each as at the end of the last financial year.

Changes for the Year

Placing of New Shares

On 6th December, 2004, prior to share subdivision as set out below becoming effective, the Company placed in aggregate 2,200,000 new shares at the price of HK\$10 per share to an independent placing agent ("Placing").

Share Subdivision

On 3rd January, 2005, the Company subdivided each issued and unissued share into ten subdivided shares, as a result of which the par value of each share of the Company was adjusted from HK\$0.001 to HK\$0.0001.

Rights Issue of Shares

On 21st January, 2005, the Company issued 660,344,150 rights shares at the price of HK\$0.68 per rights share ("Rights Issue"), on the basis of five rights shares for every one subdivided share.

Subscription of New Shares

On 7th February, 2005, a minority shareholder of the Group subscribed for 31,950,000 new subdivided shares of the Company at the price of HK\$2.88 per share ("Subscription").

Allotment and Issue of Shares

As mentioned under the "Operation Review" section, the Company allotted and issued 104,409,000 new subdivided shares at the price of HK\$1.27 per share to Pleasure Road for settlement of the consideration for acquisition of Golden Princess.

USE OF PROCEEDS

After the Placing, the Rights Issue and the Subscription (collectively referred to as "Fund Raising Exercises"), the Group received net proceeds in aggregate of approximately HK\$558.1 million. Up to the end of the year, the Company utilised approximately HK\$162.0 million for acquisition of 90% interests in a subsidiary; approximately HK\$10.3 million for repayment of all advances from a related company; and approximately HK\$14.1 million for the Group's general working capital. The unused proceeds at the end of the year amounted to approximately HK\$371.7 million.

LIQUIDITY AND FINANCIAL RESOURCES

Prior to the Fund Raising Exercises, the Group mainly funded its operations and capital expenditure through advances from a related company. The Fund Raising Exercises enabled the Group to raise sufficient working capital for its own requirements. As stated in the "Use of Proceeds" section above, the Group had utilised part of the net proceeds to repay the advances from the related company. Whereas, upon the acquisition of the remaining 10% interests in a subsidiary, the Group had fully repaid advances from another related company and taken advances from a minority shareholder of this subsidiary.

As at 31st March, 2005, the Group's current assets and current liabilities were approximately HK\$533.3 million and HK\$14.1 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over net asset value) increased from 12% in the previous year to 19% this year, which was mainly due to the increase in advances from minority shareholders through the acquisition of 90% interests in a subsidiary.

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings as at 31st March, 2005. Bank balances and cash on hand of the Group as at the same date totalled approximately HK\$526.0 million, which were denominated in Hong Kong dollars and Reminbi. During the year, the Group had no significant exposure to foreign exchange rate fluctuation.

Shortly after the end of the year, the Group was granted a loan facility by a bank amounting to HK\$400.0 million for funding the development of the new hotel project in Macau.

With sufficient bank balances and cash on hand as well as the loan facility, the directors of the Company believe the Group has sufficient working capital for its operation and future development.

CAPITAL COMMITMENTS

As at 31st March, 2005, the Group had total commitments of approximately HK\$1,102.5 million, of which approximately HK\$512.8 million was for property and hotel development projects in Shanghai and Macau; approximately HK\$451.5 million was for acquisition of a subsidiary in Macau; and approximately HK\$138.2 million was for purchase of property, plant and equipment.

NUMBER AND REMUNERATION OF EMPLOYEES

With the new hotel project in Macau in progress and the Group diversifying its business through the acquisition of Golden Princess, the Group employed 320 staff as at 31st March, 2005. Total staff costs, including directors' remuneration, for the year were approximately HK\$5.8 million. The management would continue to monitor the progress of the projects and recruit new staff when appropriate.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 2nd September, 2002. No option had been granted so far.

PROSPECTS

The Group has repositioned itself to focus on gaming and entertainment operations. Targeting medium to high rollers, the Macau hotel is scheduled to open by the end of 2005. With relevant knowledge in the Macau gaming market, the Group is confident of securing a significant market share despite the intense competition with new players joining.

The Group expects to also benefit from the booming commercial property market in the PRC. It involves in a 50:50 joint venture in Yu Yuan, Shanghai - the Star City project. Located in China's wealthiest city, the Star City project has a total site area of 22,870 sq.m. and gross area of approximately 114,000 sq.m.. Housing a shopping arcade with direct access to the city's MRT system, it will offer all kinds of retail and entertainment facilities when it opens in early 2007. The Group contributed only the land, while the JV partner is responsible for the construction costs. The Group hopes to enjoy lucrative returns from the project and an ownership of put option fully covers any potential risk in this project.

Meanwhile, the Group is also looking at potential business opportunities worldwide. It hopes to maximise returns for shareholders and looks forwards to declare dividend in near future.

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 (in force prior to 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, 11th July, 2005

As at the date hereof, the Board comprised Ms. Luk Siu Man, Semon (Chairperson and Non-executive Director); Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa and Ms. Mok Fung Lin, Ivy (Executive Directors); Ms. Chan Sim Ling, Irene, Mr. Lam San Keung and Ms. Chan Wiling, Yvonne (Independent Non-executive Directors).

* for identification purpose only

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