



# EMPEROR INTERNATIONAL HOLDINGS LIMITED

## 英皇集團（國際）有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 163)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2004

The board of directors (the “Board” or the “Directors”) of Emperor International Holdings Limited (the “Company”) announced that the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30th September, 2004 (the “Period”) together with comparative figures for the corresponding period in 2003 are as follows:

#### CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30th September, 2004 (unaudited) <i>HK\$'000</i>	30th September, 2003 (unaudited) <i>HK\$'000</i>
Turnover		417,935	713,752
Cost of sales		(212,211)	(516,685)
Direct operating expenses		(28,739)	(21,754)
Gross profit		<u>176,985</u>	<u>175,313</u>
Other operating income – net		10,213	20,938
Selling and marketing expenses		(40,053)	(48,462)
Administrative expenses		(97,144)	(90,741)
Revaluation surplus on investment properties		142,200	19,000
Impairment loss reversed (recognised) in respect of properties under development		5,810	(19,060)
Impairment loss reversed in respect of properties for sale		2,673	–
Impairment loss recognised in respect of motor vehicle registration mark		–	(1,300)
Gain on disposal of intangible asset		–	2,988
Profit from operations	4	<u>200,684</u>	<u>58,676</u>
Finance costs		(6,329)	(13,265)
Share of results of associates		5,583	(21)
Profit before taxation		<u>199,938</u>	<u>45,390</u>
Taxation	5	(5,847)	(4,477)
Profit before minority interests		<u>194,091</u>	<u>40,913</u>
Minority interests		576	1,413
Profit attributable to shareholders		<u><u>194,667</u></u>	<u><u>42,326</u></u>
Earnings per share – basic	6	<u><u>HK\$2.25</u></u>	<u><u>HK\$0.49</u></u>

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The 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 Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

### 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual audited financial statements for the year ended 31 March 2004.

### 3. SEGMENT INFORMATION

For management purpose, the Group is currently organised into eight operating divisions, namely, lease of properties, sales of properties, printing and publishing, securities brokerage services, wholesaling and retailing of furniture, hotel and restaurant operations, consultancy and advisory services and sales of marine products. These divisions are the basis on which the Group reports its primary segment information.

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30th September, 2004 (unaudited) HK\$’000	30th September, 2003 (unaudited) HK\$’000	30th September, 2004 (unaudited) HK\$’000	30th September, 2003 (unaudited) HK\$’000
<b>Business segments</b>				
Lease of properties	44,232	38,682	186,594	48,483
Sales of properties	273	384,386	1,331	1,233
Printing and publishing	213,037	170,034	5,208	(3,359)
Securities brokerage services	29,148	29,225	10,951	14,357
Wholesaling and retailing of furniture	59,608	40,028	(2,945)	(8,370)
Hotel and restaurant operations	35,950	15,590	(2,232)	(5,176)
Consultancy and advisory services	26,650	28,133	24,562	25,891
Sales of marine products	8,668	4,605	(245)	(325)
Others	369	3,069	(249)	7,844
	<u>417,935</u>	<u>713,752</u>	<u>222,975</u>	<u>80,578</u>
Interest income			572	809
Corporate general and administrative expenses			(22,863)	(22,711)
Profit from operations			200,684	58,676
Finance costs			(6,329)	(13,265)
Share of results of associates (Business segment: Sales of properties)			5,583	(21)
Profit before taxation			<u>199,938</u>	<u>45,390</u>

### 4. PROFIT FROM OPERATIONS

Profit from operations for the Period has been arrived at after charging depreciation of approximately HK\$25,318,000 (2003: HK\$26,138,000) in respect of the Group’s property, plant and equipment and crediting dividend income from listed securities of approximately HK\$24,000 (2003: HK\$106,000).

### 5. TAXATION

	Six months ended	
	30th September, 2004 (unaudited) HK\$’000	30th September, 2003 (unaudited) HK\$’000
The charge comprises:		
Hong Kong Profits Tax attributable to the Group	(3,321)	(3,200)
Deferred taxation	(2,398)	(1,083)
	<u>(5,719)</u>	<u>(4,283)</u>
Share of taxation attributable to associates	(128)	(194)
	<u>(5,847)</u>	<u>(4,477)</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both periods.

## **6. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to shareholders of approximately HK\$194,667,000 (2003: HK\$42,326,000) and on 86,329,352 ordinary shares in issue in both periods.

No disclosure of diluted earnings per share is presented as there were no dilutive potential ordinary shares in issue in both periods.

## **INTERIM DIVIDEND**

The Board declared the payment of an interim dividend of HK\$0.33 per share (“Dividend”) for the Period (2003: Nil), amounting to approximately HK\$28 million. The Dividend will be paid on Monday, 24th January, 2005 to shareholders whose names appear on Register of Members of the Company on Friday, 14th January, 2005.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Dividend, from Wednesday, 12th January, 2005 to Friday, 14th January, 2005 (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Tuesday, 11th January, 2005.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

For the six months ended 30th September, 2004 (“Period”), Emperor International Holdings Limited (“Company”) and its subsidiaries (collectively referred to as the “Group”) recorded a profit attributable to shareholders of HK\$195 million as compared with a profit of HK\$42 million in the last corresponding period. Such increase in profit was mainly attributable to an upward revaluation of properties amounting to HK\$151 million. The turnover of the Group, however, dropped from HK\$714 million in the previous corresponding period to HK\$418 million, owing to the drop in the sales proceeds of properties.

## **OPERATION REVIEW**

### **Hong Kong Property Development and Investment**

#### *Investment Properties*

Property development and investment remained the core business from which the Group derived significant and steady income. During the Period, the rate of rental income had improved. In view of the gradual recovery of the property market in Hong Kong, the Group had taken steps to enlarge its investment property portfolio through acquisition of high quality assets at prime locations such as the commercial podium (ie. G/F to 3/F) of 8 Russell Street in Causeway Bay. The management expected the Russell Street property to form one of the key rental earners of the Group in addition to Emperor Group Centre in Wanchai and Emperor Plaza in Tsuen Wan.

#### *Development Properties*

The Group has a redevelopment site in Repulse Bay, one of the most famous scenic spots in Hong Kong. The basement excavation and foundation works of the redevelopment site had commenced and the redevelopment was expected to be completed by 2006.

During the Period, the Group acquired a site in Sai Kung near Marina Cove. The Group intended to develop the site into a deluxe garden estate with 13 detached and semi-detached houses of a total floor area of around 21,640 sq. ft. (excluding flat roofs and garden area) and in addition 26 car parking spaces. The project was expected to be completed by mid 2007.

### **PRC Property Development and Investment**

#### *Riverside Garden, Xiamen*

Phase I of the development was completed in 1999 and was almost sold out. Phase II of the development comprised three residential blocks of a total floor area of 391,637 sq. ft. with a commercial podium of a lettable area of about 43,056 sq. ft., excluding car parks. The development was expected to be completed in early 2006.

#### *Tienmapien, Xinhui, Guangdong*

The Group had exchanged its land in Tienmapien of 33,463 square metres for a bigger piece of land of 37,628 square metres in its vicinity without any additional payment. No concrete plan for this development had been formulated yet.

## **Securities and Financial Services**

During the Period, the securities and futures brokerage and advisory business continued to make satisfactory contribution to the Group's profit. Owing to the better market sentiment and the comparatively stronger economic rebound, the stock market had improved since the end of the Period. The management anticipated that the performance of this business sector would continue to improve. To cope with the fast moving equity and futures market, the Group had planned to introduce new products to its customers such as Japanese futures and stock options.

## **Hotel, Restaurant and Furniture**

During the Period, the hotel and restaurant operations of the Group benefited from the individual visit scheme for mainland visitors and recorded significant improvement as compared with previous corresponding period. The Emperor (Happy Valley) Hotel had been undergoing renovation and almost two third of the refurbishment work of the hotel rooms had been completed. The management expected the refurbishment to bring about positive results in the coming periods.

The performance of Ulferts, a high class furniture line, improved a lot during the Period as compared with the last corresponding period. The revival of high-class residential properties had positive impact on Ulferts. Project launching of Ulferts in Macau had shown satisfactory results which served as a drive for other project sales business. A second furniture line, @Home, had opened 4 outlets which tailored for the taste of general public. Rental increase might lead to a setback to the retail market and the management would be cautious while developing this second line of business.

## **Publishing and Printing**

### *New Media Group*

Weekend Weekly, New Monday, Oriental Sunday, Economic Digest, Fashion and Beauty, Free Walker Monthly and Much More Quarterly were published and managed by the New Media Group ("New Media"), offering a wide range of magazines for diversified readers. The performance of New Media for the Period was promising. Advertising revenue had grown by 38% as compared with the last corresponding period. New publications such as Fashion & Beauty, Free Walker Monthly and the premium Much More Quarterly had matured and enabled New Media to expand in market circulation and develop new environment for advertisers. The management expected continued positive performance of the magazines and would explore possibility of opening up new income streams.

### *Hong Kong Daily News*

Competition was keen amongst the newspaper industry. Proactive steps had been taken to enrich and revamp the newspaper's editorials such as the entertainment and the lifestyle sections. Marketing strategy was at the same time carried out to enhance brand exposure. The management was also exploring the possibility of expanding into overseas markets to broaden its income stream.

### *Hong Kong Daily Offset Printing*

Hong Kong Daily Offset Printing, the printing arm of the Group, continued to generate steady profit for the Group.

## **CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES**

As at 30th September, 2004, the total external borrowings (excluding payables) amounted to approximately HK\$1,242 million and the Group maintained a debt to equity ratio of 49% (measured by total external borrowings as a percentage to the net asset value of the Group). In addition to its share capital and reserves, the Group made use of cash flow generated from operations, bank borrowings and unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were mainly denominated in Hong Kong Dollars and their interest rates followed market rates. The Group's bank balances and cash were mostly denominated in Hong Kong dollars, with 20% denominated in Renminbi. The Group had no material exposure to fluctuations in exchange rates as Renminbi was relatively stable. Besides, the Group had contingent liabilities in respect of (i) guarantees given to a bank in connection with mortgage loans granted to third parties totaling approximately HK\$4 million and (ii) loss and damages due to defects claimed by purchasers of some of the Group's properties.

### *Post Balance Sheet Event*

As disclosed in the announcement of the Company dated 29th November, 2004, the Directors of the Company proposed to effect a share subdivision under which the par value of each issued and unissued shares of the Company would be adjusted from HK\$0.10 each to HK\$0.01 each by subdividing each share of the Company into ten shares (“Share Subdivision”). Upon approval at shareholders’ meeting of the Company to be held on 3rd January, 2005, the Share Subdivision will become effective on 4th January, 2005.

### **STAFF COSTS**

The total cost incurred for staff including Directors’ emoluments amounted to HK\$133 million during the Period as compared with HK\$114 million in the last corresponding period. The increase was due to the expansion of the printing and publishing business and hotel and restaurant business. The number of staff was approximately 1,200 as at the end of the Period (2003: 1,000).

### **ASSETS PLEDGED**

Assets with carrying value of HK\$3,102 million were pledged as security for banking facilities.

### **PROSPECTS**

The overall economy had shown significant improvement. Falling unemployment rate and resurgence in retail sector suggested that the momentum on growth of economy of Hong Kong went at a good pace. The business performance of the Group on the whole during the Period was encouraging. Looking ahead for a long term growth, the management would be looking for new investment opportunities and suitable properties to replenish the Group’s land bank and strengthen its investment property portfolio.

### **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 (in force prior to 31st March, 2004) will be published on the website of the Stock Exchange in due course.

By Order of the Board  
**Emperor International Holdings Limited**  
**Luk Siu Man, Semon**  
*Chairperson*

Hong Kong, 28th December, 2004

*As at the date hereof, the Board of the Company comprised 1. Executive Directors: Ms. Luk Siu Man, Semon (Chairperson), Mr. Wong Chi Fai, Ms. Fan Man Seung, Vanessa, Mr. Yeung Lik Shing, Michael, Ms. Mok Fung Lin, Ivy and Mr. Chan Pak Lam, Tom; 2. Independent Non-Executive Directors: Mr. Law Ka Ming, Michael, Mr. Chan Man Hon, Eric and Mr. Liu Hing Hung.*

*\* for identification purposes only*

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