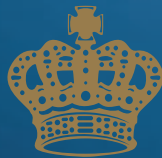


INTERIM REPORT  
**2004/2005**



**Emperor International Holdings Limited**

(Incorporated in Bermuda with limited liability)

# Emperor International Holdings Limited (Stock Code: 163)

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## 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 (the "Board" or the "Directors") 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.

## **NOTICE OF PAYMENT OF INTERIM DIVIDEND**

### **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.

The Board announced that the unaudited consolidated results of the Group for the Period together with comparative figures for the corresponding period in 2003 are as follows:

## CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended	
		30th September, 2004 (unaudited) HK\$'000	30th September, 2003 (unaudited) HK\$'000
Turnover		417,935	713,752
Cost of sales		(212,211)	(516,685)
Direct operating expenses		(28,739)	(21,754)
Gross profit		176,985	175,313
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	200,684	58,676
Finance costs		(6,329)	(13,265)
Share of results of associates		5,583	(21)
Profit before taxation		199,938	45,390
Taxation	5	(5,847)	(4,477)
Profit before minority interests		194,091	40,913
Minority interests		576	1,413
Profit attributable to shareholders		194,667	42,326
Earnings per share – basic	6	HK\$2.25	HK\$0.49

## CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
	Notes	30th September, 2004 (unaudited) HK\$'000	31st March, 2004 (audited) HK\$'000
<b>Non-current assets</b>			
Investment properties		2,373,750	1,580,950
Property, plant and equipment		838,777	856,061
Properties under development		240,048	197,660
Interests in associates		112,921	110,538
Amounts due from associates		15,297	18,236
Loans receivable		22,423	24,705
Intangible assets		6,133	7,749
Negative goodwill		(12,135)	(12,135)
Deferred taxation		8,419	9,368
Investments in securities		646	644
Other assets		13,669	14,140
		<b>3,619,948</b>	<b>2,807,916</b>
<b>Current assets</b>			
Inventories		37,735	25,885
Properties held for sale		14,101	11,743
Debtors, deposits and prepayments	9	290,694	362,347
Taxation recoverable		3,825	3,786
Investments in trading securities		2,798	2,062
Pledged bank deposits		5,320	23,313
Bank balances and cash		124,332	183,483
		<b>478,805</b>	<b>612,619</b>
<b>Current liabilities</b>			
Creditors, customers' deposits and accrued charges	10	253,460	321,245
Amount due to a shareholder		18,462	4,207
Taxation provision		8,766	5,747
Secured bank borrowings – due within one year		672,094	327,056
Obligations under finance leases – due within one year		48	48
Dividend payable		32,805	–
		<b>985,635</b>	<b>658,303</b>
<b>Net current liabilities</b>		<b>(506,830)</b>	<b>(45,684)</b>
		<b>3,113,118</b>	<b>2,762,232</b>

## CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

	As at	
	30th September, 2004 (unaudited) HK\$'000	31st March, 2004 (audited) HK\$'000
<b>Capital and reserves</b>		
Share capital	8,633	8,633
Reserves	2,531,380	2,369,653
	<b>2,540,013</b>	<b>2,378,286</b>
<b>Minority interests</b>	<b>(10,550)</b>	<b>(9,984)</b>
<b>Non-current liabilities</b>		
Amounts due to minority shareholders of subsidiaries	24,545	25,040
Secured bank borrowings - due after one year	526,547	337,636
Obligations under finance leases - due after one year	56	80
Deferred taxation	32,507	31,174
	<b>583,655</b>	<b>393,930</b>
	<b>3,113,118</b>	<b>2,762,232</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Translation reserve	Asset revaluation reserve	Investment revaluation reserve	Other reserve	Contributed surplus	Accu- mulated profits (losses)	Total
	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000	HK\$ '000
At 1st April, 2003 (audited)	8,633	1,133,259	1,727	63,421	375	(5)	1,023,115	(185,837)	2,044,688
Revaluation decrease in investments in securities	-	-	-	-	(4)	-	-	-	(4)
Exchange difference arising on translation of foreign enterprises	-	-	(1,138)	-	-	-	-	-	(1,138)
Share of movement in translation reserve of an associate	-	-	(23)	-	-	-	-	-	(23)
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-
Profit attributable to shareholders	-	-	-	-	-	-	-	42,326	42,326
<b>At 30th September, 2003 (unaudited)</b>	<b>8,633</b>	<b>1,133,259</b>	<b>566</b>	<b>62,761</b>	<b>371</b>	<b>(5)</b>	<b>1,023,115</b>	<b>(142,851)</b>	<b>2,085,849</b>
At 1st April, 2004 (audited)	8,633	1,133,259	1,451	61,237	244	(5)	1,023,115	150,352	2,378,286
Revaluation increase in investments in securities	-	-	-	-	2	-	-	-	2
Exchange difference arising on translation of foreign enterprises	-	-	(4)	-	-	-	-	-	(4)
Share of movement in translation reserve of an associate	-	-	17	-	-	-	-	-	17
Depreciation attributable to revaluation surplus	-	-	-	(660)	-	-	-	660	-
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	116	-	-	-	-	116
Realised upon dissolution of a subsidiary	-	-	-	-	-	-	(266)	-	(266)
Dividend payable	-	-	-	-	-	-	(32,805)	-	(32,805)
Profit attributable to shareholders	-	-	-	-	-	-	-	194,667	194,667
<b>At 30th September 2004( unaudited)</b>	<b>8,633</b>	<b>1,133,259</b>	<b>1,464</b>	<b>60,693</b>	<b>246</b>	<b>(5)</b>	<b>990,044</b>	<b>345,679</b>	<b>2,540,013</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30th September, 2004 (unaudited) <i>HK\$'000</i>	30th September, 2003 (unaudited) <i>HK\$'000</i>
Net cash from operating activities	<b>68,382</b>	75,828
Net cash used in investing activities	<b>(668,889)</b>	(5,752)
Net cash from (used in) financing	<b>569,097</b>	(91,082)
Net decrease in cash and cash equivalents	<b>(31,410)</b>	(21,006)
Cash and cash equivalents at the beginning of the period	<b>145,400</b>	119,557
Cash and cash equivalents at the end of the period	<b>113,990</b>	98,551

## 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 31st 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
	<b>417,935</b>	<b>713,752</b>	<b>222,975</b>	<b>80,578</b>
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			<b>199,938</b>	<b>45,390</b>

#### 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)
	(5,719)	(4,283)
Share of taxation attributable to associates	(128)	(194)
	(5,847)	(4,477)

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.

## **7. 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.

## **8. ADDITIONS TO INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT**

During the Period, the Group acquired investment properties and property, plant and equipment amounting to approximately HK\$650,600,000 and HK\$8,299,000 (2003: HK\$ Nil and HK\$11,926,000) respectively.

## 9. DEBTORS, DEPOSITS AND PREPAYMENTS

In general, the Group grants credit periods ranging from 30 days to 180 days to its customers of its trading business and printing and publishing business. No age analysis is disclosed in respect of certain loans to clients of the securities brokerage business as in the opinion of the Directors, the age analysis does not give relevant information in view of the nature of the loans.

The following is an age analysis of trade debtors as at the balance sheet date:

	<b>30th September, 2004 (unaudited) HK\$'000</b>	31st March, 2004 (audited) HK\$'000
0 – 30 days	<b>75,373</b>	120,011
31 – 90 days	<b>27,857</b>	19,377
91 – 180 days	<b>14,287</b>	39,710
Over 180 days	<b>82,030</b>	79,415
	<b>199,547</b>	258,513
Other receivables, deposits and prepayments	<b>91,147</b>	103,834
	<b>290,694</b>	362,347

## 10. CREDITORS, CUSTOMER DEPOSITS AND ACCRUED CHARGES

The following is an age analysis of trade creditors as at the balance sheet date:

	<b>30th September, 2004 (unaudited) HK\$'000</b>	31st March, 2004 (audited) HK\$'000
0 – 90 days	<b>93,996</b>	130,681
91 – 180 days	<b>1,124</b>	1,358
Over 180 days	<b>14,562</b>	15,770
	<b>109,682</b>	147,809
Other payables, deposits and accruals	<b>143,778</b>	173,436
	<b>253,460</b>	321,245

## 11. CONTINGENCIES AND COMMITMENTS

### Contingent liability

	As at 30th September, 2004 (unaudited)		As at 31st March, 2004 (audited)	
	Guarantees given HK\$'000	Amount utilised HK\$'000	Guarantees given HK\$'000	Amount utilised HK\$'000
Guarantees given to a bank in respect of mortgage loans granted to the purchasers of properties	4,447	4,447	8,812	8,812

### Capital commitments

	As at	
	30th September, 2004 (unaudited) HK\$'000	31st March, 2004 (audited) HK\$'000
Authorised but not contracted for in respect of:		
– property investment and development projects	432,842	360,435
– acquisition of property, plant and equipment	1,494	2,147
Contracted for but not provided in the financial statements, net of deposits paid, in respect of:		
– property investment and development projects	46,610	57,991
– acquisition of property, plant and equipment	–	214
	<b>480,946</b>	<b>420,787</b>

## 12. RELATED PARTY TRANSACTIONS

During the Period, the Group had the following significant transactions with related parties:

	<b>Six months ended</b>	
	<b>30th September, 2004 (unaudited) HK\$'000</b>	30th September, 2003 (unaudited) HK\$'000
Advertising income received from related companies ( <i>Note ii</i> )	<b>767</b>	850
Interest received from an associate ( <i>Note iii</i> )	<b>406</b>	414
Management fees received from related companies ( <i>Note ii</i> )	<b>780</b>	586
Rental received from related companies ( <i>Note ii</i> )	<b>4,003</b>	3,520
Professional and service fees received from related companies ( <i>Note ii</i> )	<b>1,158</b>	1,195
Interest paid to a shareholder ( <i>Note iii</i> )	<b>166</b>	1,399
Advertising expenses paid to related companies ( <i>Note ii</i> )	<b>544</b>	76

### Notes:

- (i) A director and a substantial shareholder of the Company have deemed interests in the related companies.
- (ii) These transactions were carried out after negotiations between the Group and the related parties and on the basis of estimated market value as determined by the Directors of the Company.
- (iii) The interest received or paid by the Group is calculated by reference to the principal outstanding and at the prevailing market interest rates.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 30th September, 2004, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

### (a) Long position in shares of the Company

Name of director	Nature of interests	Number of ordinary shares held	Percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Family	64,567,475	74.79%

*Note:* The shares were registered in the name of Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by Jumbo Wealth Limited ("Jumbo Wealth") on trust for The A&A Unit Trust. The A&A Unit Trust was a unit trust under The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"). Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 64,567,475 shares held by Charron. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a director of the Company) was also deemed to be interested in the above 64,567,475 shares held by Charron.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

### (b) Long position in shares in associated corporation

Name of associated corporation	Nature of interests	Number of ordinary shares held	Percentage holding
Charron ( <i>Note 1</i> )	Family	1	100%
Jumbo Wealth ( <i>Note 1</i> )	Family	1	100%
Surplus Way Profits Limited ("Surplus Way") ( <i>Note 2</i> )	Family	1	100%
Emperor Entertainment Group Limited ("EEG") ( <i>Note 2</i> )	Family	192,182,000	73.92%
Emperor (China Concept) Investments Limited ("ECC") ( <i>Note 3</i> )	Family	3,411,310	30.99%

#### Notes:

- Charron was the registered owner of 64,567,475 shares, representing 74.79% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Charron. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a director of the Company) was also deemed to be interested in the share capital of Charron and Jumbo Wealth respectively.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES (Continued)

### (b) Long position in shares in associated corporation (Continued)

2. EEG was a company with its shares listed in Hong Kong; 73.92% of the shares of EEG were registered in the name of Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. By virtue of the interests of The A&A Unit Trust in Charron and Surplus Way, both Surplus Way and EEG were associated corporations of the Company. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Surplus Way and EEG respectively. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a director of the Company) was also deemed to be interested in the share capital of Surplus Way and EEG respectively.
  
3. ECC was a company with its shares listed in Hong Kong; 30.99% of the shares of ECC were registered in the name of Worthy Strong Investment Limited ("Worthy Strong"). The entire issued share capital of Worthy Strong was indirectly held by the Company. By virtue of the interest of the Company in ECC, ECC was the associated corporation of the Company. Charron was the registered owner of 64,567,475 shares, representing 74.79% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of ECC. By virtue of the aforesaid interest of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and a director of the Company) was also deemed to be interested in the share capital of ECC.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES** (Continued)

Save as disclosed above, as at 30th September, 2004, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code of the Listing Rules, to be notified to the Company and the Stock Exchange.

## **INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS**

As at 30th September, 2004, so far as known to any Directors or chief executives of the Company, the following persons (other than a director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (Continued)

### Long position in shares in the Company

Name of shareholder	Capacity/ Nature of Interests	Number of ordinary shares held	Percentage holding
Charron	Beneficial owner	64,567,475	74.79%
Jumbo Wealth	Trustee	64,567,475	74.79%
GZ Trust Corporation ("GZ Trust")	Trustee	64,567,475	74.79%
Mr. Albert Yeung	Founder of the Trust	64,567,475	74.79%

*Note:* The shares were registered in the name of Charron. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 64,567,475 shares held by Charron and held the entire issued share capital of Jumbo Wealth on trust for GZ Trust as trustee of the Trust. The above shares were the same shares as those set out under paragraph (a) of the section of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 30th September, 2004, so far as known to the Directors or chief executives of the Company, no other person (not being a director or chief executive of the Company) had any interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange, under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

## 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.

## CORPORATE GOVERNANCE

The Company had complied throughout the Period with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that (i) the independent non-executive directors of the Company were not appointed for specific term; and (ii) full board meeting was not held every six months as one of the Directors of the Company was away from Hong Kong.

By Order of the Board

**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.*