

## DECCA ANNOUNCES 2000/2001 FINAL RESULTS

### Profit Slows Down But Prospects Remain Positive

**HONG KONG, 24 July 2001** Performance of high quality custom made furniture and top-notch fitting-out contractor for luxurious hotels Decca Holdings Limited (Stock Code: 997) (the "Company") has been adversely affected by the delays in delivery schedule of several large-scaled projects. However, prospects of the Groups remain positive with HK\$335 million on-hand contracts. Group's turnover and profit attributable to shareholders for the year ended 31 March 2001 decreased by 22% and 76% to HK\$279 million and HK\$14 million respectively. A final dividend of 1.2 HK cents was recommended. This together with the interim dividend of 1 HK cent already paid give a total dividend of 2.2 HK cents per share for the year.

Mr. Tsang Chi Hung, Chairman of Decca Holdings Limited, said, "The delays in delivery schedules of the fitting-out works for the Beijing Oriental Plaza and the residential development project at 41C Stubbs Road have significantly limited the amount of revenue and contributions recognizable from these projects during the period under review. However, with the final programs of these projects been recently fixed, we expect that contributions from these two projects will be reflected in the forthcoming annual results."

Mr. Tsang went on, "Last year we completed a number of projects such as the fitting-out works and/or supply of furniture for the JW Marriott Hotel, the Tung Chung UA Citygate Cinema and Sham Tseng Ocean Pointe in Hong Kong, the Majestic Garden [雍景園] in Zhongshan, the Okinawa Zanpamiski Royal Hotel [日本沖繩殘波岬口酒店] in Japan, the Minnesota University Library in the US and various retail outlets for SWATCH. Our Beijing showroom opened in November last year has also received substantial office furniture orders including those from the multinational corporations and domestic renowned financial institutions."

When asked about the outlook, Mr. Tsang commented that market competition was foreseen to be competitive but Decca's prospects remain positive. "I analyze it from four angles: **(i) our comparative advantages; (ii) our existing business; (ii) our growing business and (iv) the long-term outlook.**

"My decade-long experience in this industry tells me that modern and advanced machineries is one of the key factors contributing to the Group's competitiveness. Last year we installed several lines of modern machines such as the Eisenmann tow-cart finishing line at the painting workshop, Burkle short-cycle press line at the woodworking workshop, Eisenmann powder-coating line and the Finn Power punching machine at the metal workshop. These

## Decca Holdings Limited

machines only completed their trial runs earlier this year. I believe that the **competitive advantages** of the Group will be further enhanced and production costs reduced when these machines are put in full use this year.

"With our established history in the **existing business**, Decca is able to constantly secure contracts of substantial value. We currently have a very impressive order book including the Shanghai SIIC Hotel managed by the Four Seasons Group and the Grand Stanford Hotel in Tsim Sha Tsui. Total value of our contracts on hand is HK\$335 million with majority of which to be completed by the end of current financial year.

"Office furniture and branded products that has grown by more than two-third in the last 3 years have been identified as our **growing business**. We plan to open additional sales showrooms and to add a new series of branded office furniture to our existing HBF, Svoboda and Overtures lines in the near future.

"Lastly, I think one may agree that the 2008 Beijing Olympic Games will bring massive business opportunities to Hong Kong companies and **promising outlook to Decca**. New hotels will be built and existing hotels will have to be refurbished. For Decca, we will be able to realize such opportunities as an experienced top-notch fitting-out contractors and furniture supplier for luxurious hotels in the Mainland and Hong Kong."

### **Note:**

Summary of the Group's 2000/2001 annual results is attached. Full version of the results announcement will be published in Hong Kong Economic Times and South China Morning Post on 25/07/2001.

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### **Corporate Information:**

Decca, listed on the Stock Exchange of Hong Kong in March 2000, is a top-notch manufacturer of high quality custom made furniture and fitting-out contractor for luxurious hotels, serviced apartments and residences. The Group also manufactures and distributes under license from HBF of the United States and Svoboda of Austria, as well as its own brand name, Overtures, a range of office furniture in South East Asia. Decca is one of the largest specialized woodworking facilities in the world. The Group's manufacturing facilities in Dongguan cover 580,000 square feet and employs over 1,000 staff.

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# Decca Holdings Limited

Decca Group

## Consolidated Profit & Loss Accounts

For the year ended 31<sup>st</sup> March 2001

	2001	2000	Change
	<u>HK\$'000</u>	<u>HK\$'000</u>	
Turnover	278,889	356,450	-21.8%
Cost of sales	(189,106)	(212,538)	-11.0%
Gross profit	89,783	143,912	-37.6%
Other revenue	3,248	2,529	28.4%
Distribution costs	(10,787)	(10,860)	-0.7%
Administrative expenses	(64,205)	(64,488)	-0.4%
Profit from operations	18,039	71,093	-74.6%
Finance costs	(1,717)	(2,107)	-18.5%
Profit from ordinary activities before taxation	16,322	68,986	-76.3%
Taxation	(2,247)	(10,934)	-79.4%
<b>Profit attributable to shareholders</b>	14,075	58,052	-75.8%
<b>Basis EPS</b>	7 cents	38 cents	