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英皇娛樂酒店有限公司*
Emperor Entertainment Hotel Limited
(Incorporated in Bermuda with limited liability)
 (Stock Code: 296)

**ANNUAL RESULTS ANNOUNCEMENT
 FOR THE YEAR ENDED 31ST MARCH, 2011**

FINANCIAL HIGHLIGHTS

	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31st March		
Revenue	<u>1,312,104</u>	<u>990,204</u>
EBITDA:		
Before non-controlling interests	505,416	391,382
After non-controlling interests	<u>352,800</u>	<u>261,730</u>
Gain on fair value change in investment properties	<u>122,220</u>	<u>569,118</u>
Profit for the year attributable to owners of the Company	<u>331,506</u>	<u>587,278</u>
Earnings per share		
Basic and diluted	<u>HK\$0.26</u>	<u>HK\$0.50</u>

* For identification purposes only

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2011 (the “Year”) together with the comparative figures for the corresponding year in 2010 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2011

	<i>Notes</i>	2011 HK\$'000	2010 HK\$'000 (Restated)
Continuing operations			
Revenue	3	1,312,104	990,204
Cost of sales		(31,647)	(29,601)
Cost of hotel and gaming operations		(349,600)	(274,706)
		<hr/>	<hr/>
Gross profit		930,857	685,897
Other income		8,088	8,037
Gain on fair value change in investment properties		46,200	21,400
Selling and marketing expenses		(368,134)	(265,147)
Administrative expenses		(153,073)	(128,437)
Finance costs		(13,800)	(17,674)
		<hr/>	<hr/>
Profit before taxation	4	450,138	304,076
Taxation	5	(53,507)	(40,209)
		<hr/>	<hr/>
Profit for the year from continuing operations		396,631	263,867
Discontinued operation			
Profit for the year from discontinued operation	6	52,356	392,039
		<hr/>	<hr/>
Profit for the year		448,987	655,906
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		11,757	1,331
		<hr/>	<hr/>
Total comprehensive income for the year		460,744	657,237
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31st March, 2011

	<i>Note</i>	2011 HK\$'000	2010 HK\$'000 (Restated)
Profit for the year attributable to owners of the Company			
– from continuing operations		279,150	195,239
– from discontinued operation		52,356	392,039
		331,506	587,278
Profit for the year from continuing operations attributable to non-controlling interests		117,481	68,628
		448,987	655,906
Total comprehensive income attributable to:			
Owners of the Company		343,263	588,609
Non-controlling interests		117,481	68,628
		460,744	657,237
Earnings per share	8		
– from continuing and discontinued operations Basic and diluted		HK\$0.26	HK\$0.50
– from continuing operations Basic and diluted		HK\$0.22	HK\$0.17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2011

	<i>Notes</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current assets			
Investment properties		276,400	1,617,800
Property, plant and equipment		1,164,503	931,646
Prepaid lease payments		239,033	245,479
Deposits paid for acquisition of property, plant and equipment		565	5,257
Goodwill		110,960	110,960
		<hr/> 1,791,461	<hr/> 2,911,142
Current assets			
Inventories, at cost		7,314	6,741
Trade and other receivables	9	318,528	302,637
Prepaid lease payments		6,446	6,446
Pledged bank deposit		300	300
Bank balances and cash		856,163	573,398
		<hr/> 1,188,751	<hr/> 889,522
Current liabilities			
Trade and other payables	10	168,573	290,944
Amounts due to fellow subsidiaries		3,486	2,435
Amounts due to non-controlling shareholders of a subsidiary		183,947	117,028
Taxation payable		140,443	96,686
		<hr/> 496,449	<hr/> 507,093
Net current assets		<hr/> 692,302	<hr/> 382,429
Total assets less current liabilities		<hr/> 2,483,763	<hr/> 3,293,571

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**At 31st March, 2011*

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Non-current liabilities		
Amounts due to non-controlling shareholders of a subsidiary	72,983	162,334
Deferred taxation	84,409	215,779
	<hr/> 157,392	<hr/> 378,113
	<hr/> 2,326,371 <hr/>	<hr/> 2,915,458 <hr/>
Capital and reserves		
Share capital	129	129
Reserves	1,761,191	2,471,991
	<hr/> 1,761,320	<hr/> 2,472,120
Equity attributable to owners of the Company	565,051	443,338
Non-controlling interests	<hr/> 2,326,371 <hr/>	<hr/> 2,915,458 <hr/>

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which were adjusted to fair value at initial recognition and investment properties which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In additions, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

Except as described in note 2, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2010.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the HKICPA. In addition, the Group has early adopted the amendments to HKAS 12 Income Taxes, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 Investment Property.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKFRS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKFRS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK (IFRIC*) – INT 17	Distribution of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

* IFRIC represents the IFRS Interpretations Committee (formerly known as the International Financial Reporting Interpretations Committee).

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

Notes: (Continued)

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKAS 27 (as revised in 2008) Consolidated and separate financial statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1st April, 2010 in accordance with the relevant transitional provision.

As there was no transaction during the current year in which HKAS 27 (as revised in 2008) is applicable, the application has no effect on the consolidated financial statements of the Group in the current year.

Amendments to HKAS 7 Statement of cash flows

As a part of the consequential amendments to HKAS 27, HKAS 7 specifies that cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control should be classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively.

Accordingly, the cash consideration of HK\$3,445,000 paid in the prior year for acquisition of additional interests in a subsidiary has been reclassified from cash flows used in investing activities to financing activities.

Amendments to HKAS 12 Income taxes

Amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" have been applied in advance of their effective date (annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

Notes: (Continued)

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

Amendments to HKAS 12 Income taxes (Continued)

The Group has rebutted the presumption on its investment properties as they are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time by leasing out them for rental income in the future. Accordingly, the application of Amendments to HKAS 12 has had no impact on the consolidated financial statements of the Group in current and prior year.

The Group has not early applied other new and revised Standards and Interpretations that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The executive directors of the Company (the “Executive Directors”) have been identified as the chief operating decision marker (“CODM”). The Executive Directors review the Group’s internal reporting in order to assess performance and allocate resources.

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from VIP rooms, mass market halls and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating segments under HKFRS 8 as follows: gaming operation, hotel operation and property development.

The segment information reported externally was analysed on the basis of their types of services supplied by the Group’s operating divisions which is consistent with the internal information that are regularly reviewed by the CODM for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in services. The principal activities of the reportable operating segments are as follows:

Gaming operation	–	Mass market halls, slot machine hall and VIP room operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau
Hotel operation	–	Hotel operation in the Grand Emperor Hotel in Macau including property investment income from investment properties in he Grand Emperor Hotel
Property development	–	Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People’s Republic of China (the “PRC”)

The property development operating segment was discontinued in the current year upon distribution of Expert Pearl Group by way of distribution in specie (defined and explained in note 6).

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

The Executive Directors assess the performance of individual operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation, central administration costs and gain/loss on fair value changes in investment properties (the “Adjusted EBITDA”).

Inter-segment revenue is charged at prevailing market rate.

Information regarding the above segments is reported below.

Segment revenues and results

For the year ended 31st March, 2011

	Continuing operations		Discontinued operation		Total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
	Gaming operation HK\$'000	Hotel operation HK\$'000	Total HK\$'000	Property development HK\$'000			
SEGMENT REVENUE							
External revenue	1,165,757	146,347	1,312,104	-	1,312,104	-	1,312,104
Inter-segment revenue	-	4,621	4,621	-	4,621	(4,621)	-
Total	<u>1,165,757</u>	<u>150,968</u>	<u>1,316,725</u>	<u>-</u>	<u>1,316,725</u>	<u>(4,621)</u>	<u>1,312,104</u>
Segment result based on the Adjusted EBITDA	496,836	67,494	564,330	(4,686)	559,644		559,644
Bank interest income							3,016
Depreciation of property, plant and equipment							(88,907)
Release of prepaid lease payments							(6,446)
Gain on fair value change in investment properties							122,220
Imputed interest expense on amounts due to non-controlling shareholders of a subsidiary							(13,800)
Unallocated corporate expenses							(54,228)
Profit before taxation from discontinued operation							<u>(71,361)</u>
Profit before taxation from continuing operations							<u>450,138</u>

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31st March, 2010

	Continuing operations			Discontinued operation	Total	Elimination	Consolidated
	Gaming operation	Hotel operation	Total	Property development			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
SEGMENT REVENUE							
External revenue	834,711	155,493	990,204	-	990,204	-	990,204
Inter-segment revenue	-	4,621	4,621	-	4,621	(4,621)	-
Total	834,711	160,114	994,825	-	994,825	(4,621)	990,204
Segment result based on the Adjusted EBITDA	360,593	75,500	436,093	(333)	435,760		435,760
Bank interest income							638
Depreciation of property, plant and equipment							(85,673)
Release of prepaid lease payments							(6,446)
Gain on fair value change in investment properties							569,118
Impairment loss recognised in respect of goodwill							(18,301)
Imputed interest expense on amounts due to non-controlling shareholders of a subsidiary							(15,608)
Other finance costs							(2,066)
Unallocated corporate expenses							(44,378)
Profit before taxation from discontinued operation							(528,968)
Profit before taxation from continuing operations							304,076

No analysis of the Group's assets and liabilities by reportable operating segments is disclosed as it is not regularly provided to the Executive Directors for review.

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for the year ended 31st March, 2010 and 2011.

Geographical information

The Group's revenue was derived principally in Macau.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located.

	Non-current assets	
	2011	2010
	HK\$'000	HK\$'000
Macau	1,791,461	1,740,735
The PRC	–	1,170,407
	<hr/>	<hr/>
	1,791,461	2,911,142
	<hr/> <hr/>	<hr/> <hr/>

Information about major customers

During the Year, revenue derived from the customer which contributed over 10% of the Group's revenue amounted to HK\$1,179,455,000 (2010: HK\$859,759,000). The revenue related to the gaming operation and hotel operation.

Notes: (Continued)

4. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:						
Auditor's remuneration	3,217	2,708	20	24	3,237	2,732
Commission expenses in gaming operation (included in selling and marketing expenses)	333,757	232,479	-	-	333,757	232,479
Cost of inventories recognised as an expense	31,647	29,601	-	-	31,647	29,601
Depreciation of property, plant and equipment	88,752	85,508	155	165	88,907	85,673
Loss on disposal of property, plant and equipment	448	136	-	-	448	136
Release of prepaid lease payments	6,446	6,446	-	-	6,446	6,446
Staff costs, including directors' remuneration and retirement benefit scheme contributions	276,589	190,204	929	1,056	277,518	191,260
and after crediting:						
Exchange gain	3,487	3,141	733	83	4,220	3,224
Bank interest income	2,834	587	182	51	3,016	638

5. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2011	2010	2011	2010	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:						
Macau Complimentary Income Tax	43,757	31,106	-	-	43,757	31,106
Deferred taxation	9,750	9,103	19,005	136,929	28,755	146,032
	53,507	40,209	19,005	136,929	72,512	177,138

The Macau Complimentary Income Tax is calculated at the applicable rate of 12% of the estimated assessable profits for both years.

No provision for Hong Kong Profits Tax and PRC Enterprise Income Tax have been made as there were no estimated assessable profits for both years.

Notes: (Continued)

6. DISCONTINUED OPERATION

On 25th November, 2010, the Group entered into an agreement (as supplemented by a supplemental agreement dated 13th December, 2010) with Grand Chain Profits Limited (“Grand Chain”) to transfer its entire interest in Expert Pearl Investments Limited and its subsidiaries (collectively referred to as “Expert Pearl Group”) which carried out the Group’s property development operation in the PRC to Grand Chain (the “Transfer”) in return of the issuance of shares of Emperor International Holdings Limited (“EIHL”) as consideration (the “Consideration Shares”). The Transfer was conditional upon, inter alia, the followings:

- (i) distribution of the Consideration Shares to the shareholders of the Company on the basis of seven shares of EIHL for every twenty shares of the Company held by the shareholders of the Company (the “EEH Distribution”);
- (ii) general offer proposed by EIHL to the shareholders of the Company to acquire all of the issued shares of the Company (other than those shares already held by EIHL) (the “Offer”) at a consideration of one share of EIHL and HK\$0.04 in cash for each share of the Company; and
- (iii) distribution of the shares of EIHL to its shareholders on the basis of one share of EIHL for every six shares of EIHL held by the shareholders of EIHL (the “EIHL Distribution”).

The Transfer, the EEH Distribution, the Offer and the EIHL Distribution were inter-conditional upon each other and were approved by the shareholders of the Company and EIHL on 14th, February, 2011. The Directors considered that the Transfer and the EEH Distribution was in substance distributing Expert Pearl Group to the Company’s shareholders, details of which were set out in the circular of the Company dated 24th, January, 2011. The property development operation was classified as a discontinued operation.

The results of the discontinued operation for the period from 1st April, 2010 to 15th February, 2011, which have been included in the consolidated statement of comprehensive income, were as follows:

	1.4.2010		Year ended
	to		31.3.2010
	15.2.2011		HK\$’000
	HK\$’000		HK\$’000
Other income	915		134
Gain on fair value change in investment properties	76,020		547,718
Impairment loss recognised in respect of goodwill	–		(18,301)
Administrative expenses	(5,574)		(583)
	<hr/>		<hr/>
Profit before taxation	71,361		528,968
Taxation	(19,005)		(136,929)
	<hr/>		<hr/>
Profit for the period/year	52,356		392,039
	<hr/> <hr/>		<hr/> <hr/>

During the Year, the discontinued operation spent HK\$3,293,000 (2010: HK\$833,000) in respect of the Group’s operating activities and paid HK\$648,000 (2010: HK\$3,512,000) in respect of investing activities. The discontinued operation did not contribute to the Group’s financing activities for both 2010 and 2011.

Notes: (Continued)

6. DISCONTINUED OPERATION (Continued)

The carrying amounts of the assets and liabilities of Expert Pearl Group under the discontinued operation at the date of disposal are as follows:

	15.2.2011
	HK\$'000
Property, plant and equipment	317
Investment property under development	1,090,000
Other receivables	174,498
Bank balances and cash	12,511
Trade and other payables	(176,882)
Deferred taxation	(160,125)
	<hr/>
Net assets distributed	940,319
Cumulative exchange differences in respect of the net assets of Expert Pearl Group	(75,057)
	<hr/>
Distribution of net assets recognised in equity	865,262
	<hr/> <hr/>

The distribution in specie is measured at the carrying amount of the net assets held by Expert Pearl Group and distributed from the Company's contributed surplus and accumulated profits of HK\$658,810,000 and HK\$206,452,000 respectively.

Analysis of net cash outflow of cash and cash equivalents in connection with the discontinued operation:

Bank balances and cash	12,511
	<hr/> <hr/>

7. DIVIDENDS

	2011	2010
	HK\$'000	HK\$'000
Dividends recognised as distribution during the year:		
Interim paid: HK\$0.04 per share (2010: HK\$0.025)	51,702	32,314
Final paid in respect of 2010: HK\$0.048 per share (2010: HK\$0.018 per share in respect of 2009)	62,042	23,266
	<hr/>	<hr/>
	113,744	55,580
	<hr/> <hr/>	<hr/> <hr/>

In addition, a special dividend by way of distribution in specie of the net assets of Expert Pearl Group to the shareholders of the Company was distributed during the Year, amounting to HK\$865,262,000.

The Board proposed the payment of a final dividend of HK\$0.05 per share amounting to HK\$64,627,000 in total (2010: HK\$0.048 per share) for the year ended 31st March, 2011 which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

Notes: (Continued)

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Earnings		
Earnings (profit for the year attributable to the owners of the Company) for the purpose of basic and diluted earnings per share	<u>331,506</u>	<u>587,278</u>
	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,292,545,983</u>	<u>1,177,704,598</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31st March, 2010 had been adjusted for issue of shares on 28th August, 2009.

From continuing operations

The calculation of the basic and diluted earnings per share from the continuing operations attributable to the owners of the Company is based on the following data:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to the owners of the Company	331,506	587,278
Profit for the year from the discontinued operation attributable to the owners of the Company	<u>(52,356)</u>	<u>(392,039)</u>
Earnings for the purpose of basic and diluted earnings per share from the continuing operations	<u>279,150</u>	<u>195,239</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation is HK\$0.04 per share (2010: HK\$0.33 per share), based on the profit for the year from the discontinued operation of HK\$52,356,000 (2010: HK\$392,039,000) and the denominator detailed above for both basic and diluted earnings per share.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the year ended 31st March, 2011 and 2010 respectively.

Notes: (Continued)

9. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms were extended to a longer period. An aged analysis of the Group's trade receivables (net of allowances) based on the date of credit granted at the end of the reporting period is set out below:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0-30 days	145,224	94,156
31-60 days	6,585	22,447
61-90 days	11,720	7,930
91-180 days	4,870	8,648
Over 180 days	29,428	21,492
	<hr/>	<hr/>
	197,827	154,673
Chips on hand	111,945	134,165
Other receivables and prepayments	8,756	13,799
	<hr/>	<hr/>
	318,528	302,637
	<hr/> <hr/>	<hr/> <hr/>

Chips on hand represent chips issued by a gaming concessionaire in Macau which can be exchanged into their cash amounts.

10. TRADE AND OTHER PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is set out below:

	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i>
0-30 days	13,646	19,288
31-60 days	3,803	195
61-90 days	445	87
91-180 days	21	120
Over 180 days	85	116
	<hr/>	<hr/>
	18,000	19,806
Construction payables and accruals	31,154	182,470
Other payables and accruals	104,419	73,668
Short-term advance	15,000	15,000
	<hr/>	<hr/>
	168,573	290,944
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group principally engages in provision of entertainment and hospitality services in Macau.

Market Review

Both the Macau gaming market and visitation to Macau have grown significantly in the past few years. The total number of visitors to Macau amounted to 25 million for the Year, approximately 10% more than last year. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 90% of visitors to Macau during the Year were from Hong Kong, mainland China and Taiwan. One of the forces behind such growth is the Renminbi appreciation. It increases the purchasing power of mainland visitors and therefore attracts more mainland visitors to go to Macau which further bolsters the entertainment expenditure in Macau. In addition, the increasing aggregate national wealth in mainland China leads to a large and growing middle class who has more disposable income for such expenditure.

On the other hand, a number of major infrastructure projects are currently under construction in mainland China and Macau which will further improve the accessibility in Macau and therefore attract more tourists. This improvement demonstrates that both the Central and Macau Governments' commitment to sustaining a long-term growth in Macau by encouraging both domestic consumption and tourism from abroad.

Financial Review

Overall Review

Riding on the continuous expansion of gaming and entertainment industry in Macau, the Group achieved an excellent performance during the Year. The revenue was approximately HK\$1,312.1 million (2010: HK\$990.2 million), representing an increase of 32.5%. Dedicated to the Group's high operating efficiency, the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") and after non-controlling interests amounted to HK\$352.8 million (2010: HK\$261.7 million), representing a surge of 34.8%. Profit for the Year attributable to owners of the Company decreased by 43.6% to HK\$331.5 million (2010: HK\$587.3 million). Basic earnings per share amounted to HK 26 cents.

Capital Structure, Liquidity and Financial Resources

During the Year, there was no change in the capital structure of the Group. The Group continues to maintain a strong cash position. The Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 31st March, 2011, advances from non-controlling shareholders of a subsidiary of the Company was approximately HK\$256.9 million, which was denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiary has surplus fund. The Group has no bank borrowings with low gearing ratio, optimizing its financial position and minimizing its exposure to interest rate risk.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Financial Review *(continued)*

Capital Structure, Liquidity and Financial Resources *(continued)*

The Group's current assets and current liabilities as at 31st March, 2011 were HK\$1,188.8 million and HK\$496.4 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) as at 31st March, 2011 was 8.6% (31st March, 2010: 7.4%).

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. During the Year, the Group was able to maintain its strong and healthy financial position. Bank balances and cash on hand of the Group as at 31st March, 2011 amounted to HK\$856.2 million, which were mainly denominated in Hong Kong dollars and Macau Pataca. With the borrowings and bank balances and cash on hand denominated in Hong Kong dollars and Macau Pataca, the Group did not experience any significant exposure to foreign exchange rate fluctuation during the Year.

Pledge of Assets

As at the end of the reporting period, assets with carrying values of approximately HK\$1.4 billion were pledged to a bank as security for unutilised banking facilities available to the Group. In addition, the Group pledged a bank deposit of HK\$0.3 million to a bank as security for use of ferry ticket equipment granted by a third party to the Group.

Business Review

During the Year, the Group is extremely well positioned by emerging middle class in mainland China. The Group continued to drive operating leverage and improve the profitability, particularly in ramping up the mix of mass market and VIP business, which have been proven effective and resulting in new records in both rolling chip volume and average win per table. Due to the continuous implementation of its strategic development plan, the Group achieved steady growth across all business lines during the Year.

Gaming and Hotel Operations

The Group's flagship project, Grand Emperor Hotel in Macau (the "Hotel"), had been providing solid contributions since its commencement of operations in January 2006. The Hotel, located at the heart of Macau's city centre, has 136,660 square feet of gaming space spreading over seven floors offering slot as well as table games in gaming concourse and VIP rooms.

Supported by the Hotel's strong reputation and quality, excellent location in the gaming hub of the Macau Peninsula and niche positioning, revenue from the gaming and hotel operations segment amounted to HK\$1,312.1 million (2010: HK\$990.2 million), an increase of 32.5% over the last year.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review *(continued)*

Gaming Revenue

The Group's casino operation is run by licence holder Sociedade de Jogos de Macau, S.A. ("SJM"). Subsequent to the allocation of more resources to grow the mass market, gaming revenue for the Year amounted to HK\$1,165.8 million (2010: HK\$834.7 million), accounting for 88.8% of the Group's total revenue.

Gaming Concourse

During the Year, this segment contributed a gross win of HK\$1,271.8 million (2010: HK\$917.5 million) with 63 tables as at 31st March, 2011 (31st March, 2010: 60 tables) in the gaming concourse. Benefiting from the Group's established brand name and expansion of gaming concourse, this revenue segment increased by 53.6% to HK\$711.5 million (2010: HK\$463.1 million), accounting for 54.2% of the Group's total revenue. Average win for the Year was approximately HK\$55,000 per table per day (2010: HK\$43,000).

Slot Machines

It recorded a gross win of HK\$101.9 million (2010: HK\$84.6 million) with 310 slot seats as at 31st March, 2011 (31st March, 2010: 330 seats) in the Hotel. This revenue segment increased by 24.8% to HK\$44.8 million (2010: HK\$35.9 million), accounting for 3.4% the Group's total revenue. Average win for the Year was approximately HK\$860 per seat per day (2010: HK\$720).

VIP rooms

The Group self-manages two VIP rooms with a total of 14 tables. The VIP rooms had rolling of HK\$25.1 billion (2010: HK\$18.4 billion). Revenue was approximately HK\$409.5 million (2010: HK\$335.7 million), accounting for 31.2% of the Group's total revenue. Average win per table per day was approximately HK\$141,000 (2010: HK\$166,000).

Hotel Revenue

The Group reported a steady performance during the Year. Riding on the prestigious reputation of the Hotel and the premium quality of its services, it is well received among Hong Kong and mainland visitors. Owing to the keen market competition, marketing strategies were implemented to expand guests base and widen income source.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Business Review *(continued)*

Hotel Revenue *(continued)*

During the Year, this segment has recorded a revenue of HK\$146.3 million (2010: HK\$155.5 million), accounting for 11.2% of the Group's total revenue. The market had responded favourably to the festival promotion and privilege packages offered by the Hotel. With a total of 291 guest rooms as at 31st March, 2011 in the Hotel, an average daily rate of HK\$860 (2010: HK\$805), and the high occupancy rate of 88% (2010: 81%), room revenue amounted to HK\$53.7 million (2010: HK\$65.3 million). Revenue from food and beverage was HK\$68.8 million (2010: HK\$60.5 million), while rental revenue from sauna, night club, leased-out VIP room and retail space was HK\$23.8 million (2010: HK\$29.7 million). During the Year, the leased-out VIP room was revamped into gaming concourse for meeting the increasing demand for gaming concourse.

Property Development

During the Year, the Group disposed of the entire interest of Expert Pearl Investments Limited ("Expert Pearl") of which its subsidiaries hold the property located in Yu Yuan, Huang Pu District, Shanghai. Upon the disposal of Expert Pearl, the Group no longer held any interest in the property.

Outlook

With a unique mixture of Portuguese and Chinese culture and diversifying the entertainment facilities, Macau has successfully become an increasingly popular tourist attraction in the region. In light of the various large-scale infrastructure and transportation projects by the Macau Government, it is expected that the number of visitors and gaming revenue will continue to grow in the coming years. It is expected that the Group will continue to benefit from the surging gaming revenue in Macau and therefore enhance its exposure to the fast-growing leisure sector in Macau.

In light of the continuous expansion of the target customer group and its sustainability of the income, the Group is planning to expand more on gaming concourse tables by relocating administrative departments to fully utilise the spacious area.

The Group is ready to capitalise on the potential huge market. Leveraging the prestigious reputation of "Emperor" among Chinese societies, the Group will strengthen its marketing efforts, implement effective management strategies and enhance its operating efficiencies to further boost its market share in the region.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Transfer Of Subsidiaries By Way Of Distribution In Specie

During the Year on 25th November, 2010, Lavergem Holdings Limited, a wholly-owned subsidiary of the Company, as the vendor entered into an agreement (as supplemented by a supplemental agreement dated 13th December, 2010) to transfer its entire interest of Expert Pearl Group which are interested in the property (a development project for a shopping arcade in Shanghai) located in Yu Yuan, Shanghai, the PRC, to Grand Chain, an indirect wholly-owned subsidiary of EIHL. The transaction was completed on 15th February, 2011 and the consideration was satisfied by the issuance and allotment of 452,391,094 shares (“Consideration Shares”) of EIHL at an issue price of HK\$2.35 per share on 7th March, 2011. Such Consideration Shares were not issued to the vendor directly but to the shareholders of the Company who are entitled to the EEH Distribution (special dividend by way of distribution in specie on the basis of seven shares of EIHL for every twenty shares of the Company held by the shareholders of the Company on EEH Record Date, being 4th March, 2011, as approved by the shareholders of the Company at the special general meeting held on 14th February, 2011) and the Consideration Shares which fell to be issued to Worthy Strong Investment Limited (the controlling shareholder of Company and a wholly-owned subsidiary of EIHL) under the EEH Distribution were distributed and issued to the shareholders of EIHL under the EIHL Distribution (special dividend by way of distribution in specie on the basis of one share of EIHL for every six shares of EIHL held by the shareholders of EIHL on EIHL Record Date, being 21st January, 2011).

Contingent Liability

The Group has no contingent liability as at the end of the reporting period.

Employees And Remuneration Policy

As at 31st March, 2011, the Group’s number of employee was 974 as compared to 965 as at the end of the preceding financial year. Total staff costs including directors’ remuneration and the staff costs reimbursed to SJM for the Year were approximately HK\$277.5 million (2010: HK\$191.3 million). Employees’ remuneration was determined in accordance with individual’s responsibility, performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2nd September, 2002. During the Year, the Company did not grant any option under the share option scheme and the outstanding share options as at the end of the Year was 10,000,000 share options which were granted to certain directors of the Company in August 2005.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK5 cents per share (“Final Dividend”) for the year ended 31st March, 2011, amounting to approximately HK\$64,627,000. The Final Dividend, if being approved at the forthcoming annual general meeting of the Group, will be paid on 15th September, 2011 (Thursday) to shareholders whose names appear on the register of members of the Group on 23rd August, 2011 (Tuesday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, from 22nd August, 2011 (Monday) to 23rd August, 2011 (Tuesday), during which period no share transfer will be effected. In order to qualify for the proposed Final Dividend, all relevant share certificates and properly completed transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 19th August, 2011 (Friday).

REVIEW OF ANNUAL RESULTS

The annual results for the Year have been reviewed by the audit committee of the Company, which comprises three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company has complied throughout the Year with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

Model Code for Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 of the Listing Rules as the rules governing dealings by the Directors in the listed securities of the Company. Having made specific enquiry to the Directors, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the Company's website (<http://www.emp296.com>). The annual report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Emperor Entertainment Hotel Limited
Luk Siu Man, Semon
Chairperson

Hong Kong, 28th June, 2011

As at the date hereof, the Board of the Company comprised:

Non-executive Director: Ms. Luk Siu Man, Semon (*Chairperson*)

Executive Directors: Mr. Wong Chi Fai
Ms. Fan Man Seung, Vanessa
Ms. Mok Fung Lin, Ivy

Independent Non-executive Directors: Ms. Chan Sim Ling, Irene
Ms. Chan Wiling, Yvonne
Ms. Wan Choi Ha