Orchestrating a future of glitz and glitter

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

Annual Report 2010/2011


HOTE
ROULETTE

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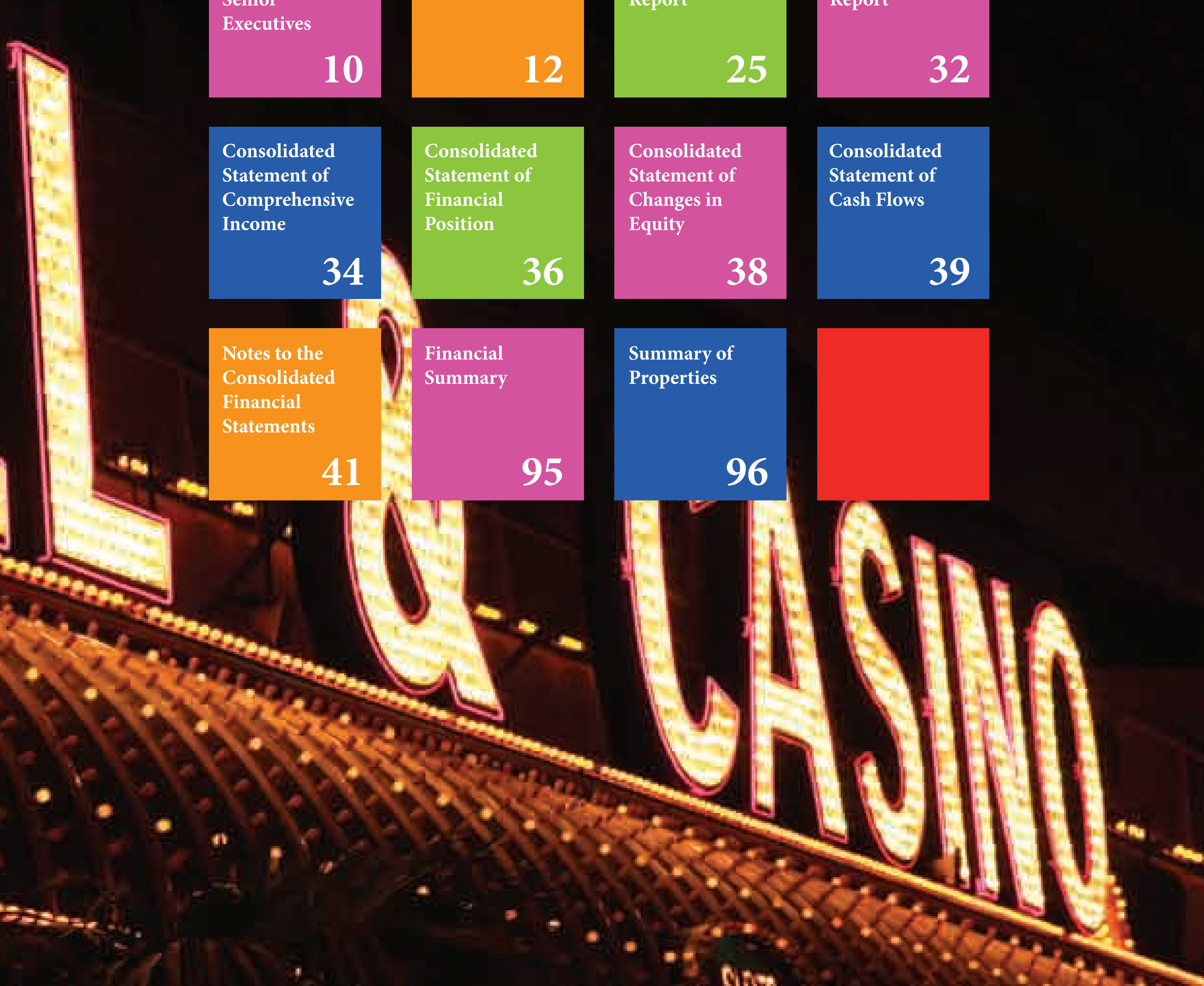


Corporate Information and Key Dates

Directors
Luk Siu Man, Semon* *(Chairperson)*
Wong Chi Fai
Fan Man Seung, Vanessa
Mok Fung Lin, Ivy
Chan Sim Ling, Irene**
Chan Wiling, Yvonne**
Wan Choi Ha**
* *Non-executive Director*
** *Independent Non-executive Directors*

Company Secretary
Mok Fung Lin, Ivy

Audit Committee
Chan Sim Ling, Irene *(Chairperson)*
Chan Wiling, Yvonne
Wan Choi Ha

Remuneration Committee
Wong Chi Fai *(Chairman)*
Chan Sim Ling, Irene
Chan Wiling, Yvonne

Auditor
Deloitte Touche Tohmatsu

Registerd Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Office
28th Floor
Emperor Group Centre
288 Hennessy Road
Wanchai
Hong Kong

Registrar (in Bermuda)
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Registrar (in Hong Kong)
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Bankers
Bank of China
Banco Weng Hang S.A.
Chong Hing Bank Limited
Fubon Bank
The Bank of East Asia
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank

Website
http://www.emp296.com

Stockcode
296

Key Dates

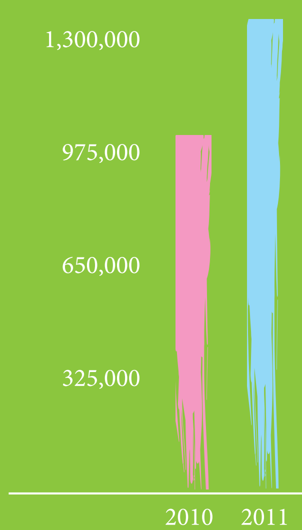
Annual Results Announcement	28th June, 2011
Annual General Meeting	16th August, 2011
Closure of Register of Members	22nd August, 2011 to 23rd August, 2011
Record Date for Final Dividend	23rd August, 2011
Payment of Final Dividend	15th September, 2011 (HK$0.05 per share)

CORPORATE COMMUNICATIONS
This Annual Report (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website. In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of our Annual Reports. Upon written request, free printed version of this Report will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to this Report through the Company's website. Shareholders may have the right to change their choice of receipt of all future Corporation Communications at any time by reasonable notice in writing to the Company or the Company's Registrar in Hong Kong, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

Financial Highlights

Revenue

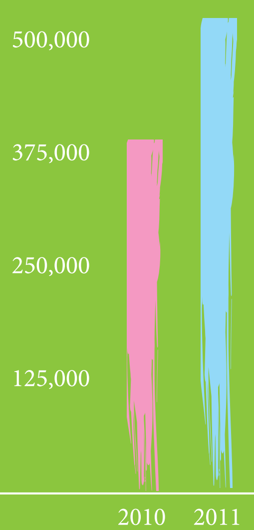
HK$'000



EBITDA

(Before non-controlling interests)

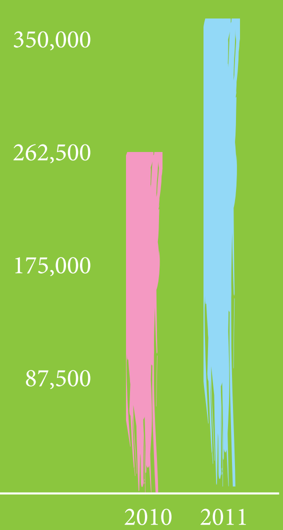
HK$'000



EBITDA

(After non-controlling interests)

HK$'000



	2010 HK$'000	2011 HK$'000
Revenue	990,204	1,312,104
Gross Profit	685,897	930,857
EBITDA		
Before Non-controlling Interests	391,382	505,416
After Non-controlling Interests	261,730	352,800
Profit Attributable to Owners of the Company	587,278	331,506
Profit Attributable to Owners of the Company from Continuing Operations	195,239	279,150
Basic Earnings Per Share from Continuing Operations	HK$0.17	HK$0.22

Chairperson's Statement

Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as 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 ended 31st March, 2011 (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.

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.

Chairperson's Statement *(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.

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

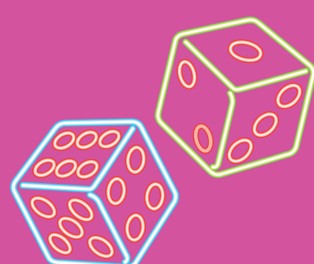
During the Year, the Group transfer out the entire interest of Expert Pearl Investments Limited ("Expert Pearl") of which its subsidiaries hold the property located in Yu Yuan, Huang Pu District, Shanghai. Upon the transfer, the Group no longer held any interest in the property.

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.



Chairperson's Statement *(Continued)*

TRANSFER OF SUBSIDIARIES BY WAY OF DISTRIBUTION IN SPECIE

During the Year on 25th November, 2010, Lavergem Holdings Limited ("Lavergem"), 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 and its subsidiaries (collectively referred to as "Expert Pearl Group") which are interested in the property (a development project for a shopping arcade in Shanghai) located in Yu Yuan, Shanghai, The People's Republic of China (the "PRC"), to Grand Chain Profits Limited ("Grand Chain"), an indirect wholly-owned subsidiary of Emperor International Holdings Limited ("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 Lavergem 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 Worthly Strong Investment Limited ("Worthly Strong") (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.

CORPORATE SOCIAL RESPONSIBILITIES

The Group has organised and joined various community activities during the Year. During the Mid-autumn Festival, the Group mobilized its staff to visit an elderly care home with moon cakes and festival greetings. Some others joint a volunteer trip to the rural Qujiang region in Shaoguan City, Guangdong Province, organized by its mother company Emperor Group in November. They spent a day at a primary school, putting on a fun day of races and games specially themed with the 16th Asian Games taking place in Guangzhou City at that time. They also paid home visits to some of the children. This served to express the Group's care to the children there, who are deprived of modern material benefits that caused hindrance to their future in the modern economy of China.

On top of continuing its regular standards as a green hotel, the Group organised two recycling campaigns to collect moon cake packaging and second-hand clothes from staff to reinforce overall staff awareness of environmental protection.

Also, in response to the frequent natural disasters worldwide in the year of 2010, the Group has raised substantial donations to support relief works for the earthquakes in Haiti and Qinghai Province as well as the mudslide disaster in Gansu Province.

The Group has been awarded the Caring Company Logo in the year 2010-2011 by Hong Kong Council of Social Service in recognition of its involvement in charity and community activities. It is the third consecutive year the Group has won this honour since the year 2008-2009.

Biographies of Directors and Senior Executives

Non-executive Director (Chairperson)
LUK SIU MAN, SEMON, aged 55, joined the Company in March 2000 and acts as the Chairperson of the Company. She graduated from The University of Toronto with a Bachelor's Degree in Commerce. She worked in the banking industry for almost 10 years. Ms. Luk is also the non-executive director and chairperson of EIHL, the holding company of the Company, the shares of which is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the "Stock Exchange").

Executive Director
WONG CHI FAI, aged 55, joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. He is the Chairman of the Remuneration Committee of the Company. Mr. Wong is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of EIHL, New Media Group Holdings Limited ("NMG") and Emperor Watch & Jewellery Limited ("EWJ"), all are companies listed on the Main Board of Stock Exchange. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to hotel and hospitality, property investment and development, watch and jewellery retailing, entertainment as well as media.

Executive Director
FAN MAN SEUNG, VANESSA, aged 48, joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. She is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. Ms. Fan is also a director of EIHL, NMG and EWJ. Besides having over 22 years of corporate management experience, she possesses diversified experience in different businesses including hotel and hospitality, property investment and development, financial and securities operations, watch and jewellery retailing, entertainment as well as media and publication.

Executive Director and Company Secretary

MOK FUNG LIN, IVY aged 46, joined the Company in 1993 as Legal Consultant and was appointed Executive Director of the Company in February 2000. She is also the Company Secretary of the Company. She is a lawyer by profession in Hong Kong and the United Kingdom, and holds a Master's Degree in Business Administration. Ms. Mok is also an executive director and the company secretary of EIHL.

Independent Non-executive Director

CHAN SIM LING, IRENE, aged 48, was appointed as Independent Non-executive Director of the Company in May 1998. She is the Chairperson of the Audit Committee and a member of the Remuneration Committee of the Company. She graduated from The University of Hong Kong with a Bachelor's Degree in Laws in 1985.

Independent Non-executive Director

CHAN WILING, YVONNE, aged 46, was appointed as Independent Non-executive Director of the Company in September 2004. She is a member of the Audit Committee and the Remuneration Committee of the Company. Ms. Chan graduated from the Hong Kong Polytechnic University in 1987 majoring in accountancy. She obtained a Master's Degree in Business Administration from Heriot-Watt University in Scotland in 1996. She is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. She previously worked in two international accounting firm, Touche Ross & Co. and Ernst & Young and has about 20 years of experience in accounting, auditing and information security fields.

Independent Non-executive Director

WAN CHOI HA, aged 43, was appointed as Independent Non-executive Director of the Company in February 2006. She is a member of the Audit Committee of the Company. Ms. Wan is a solicitor qualified in Hong Kong. She holds a Bachelor's Degree in Laws from The University of Hong Kong. She has been practicing in Hong Kong for more than 10 years and is a principal partner of a law firm.

Directors' Report

The directors of the Company (the "Directors") present their annual report and the audited consolidated financial statements of the Company for the Year.

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding and the activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group and the dividends paid and proposed by the Company for the Year are set out in the consolidated statement of comprehensive income on pages 34 and 35 and note 14 to the consolidated financial statements.

The Directors recommended the payment of a final dividend of HK$0.05 per share (2010: HK$0.048 per share) for the Year amounting to approximately HK$64,627,000 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

Annual General Meeting date:	Tuesday, 16th August, 2011
Record date for final dividend:	Tuesday, 23rd August, 2011
Final dividend payment date:	15th September, 2011

INVESTMENT PROPERTIES

As at 31st March, 2011, the Group revalued all of its investment properties on a market basis at HK$276,400,000. The increase in fair value of HK$122,220,000 has been credited to the consolidated statement of comprehensive income.

Details of changes in the investment properties of the Group are set out in note 16 to the consolidated financial statements.

A summary of investment properties of the Group as at 31st March, 2011 is set out on page 96.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of HK$105,323,000.

Details of changes in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The contributed surplus of the Company represents the difference between the consolidated net assets of the Company's subsidiaries as at 7th July, 1992, the date on which the group reorganisation became effective, and the nominal value of the Company's shares issued under the group reorganisation, less any dividends subsequently paid out of pre-reorganisation profits and amounts utilised on redemption of shares.

Under the Companies Act 1981 of Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

(i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's reserves available for distribution to shareholders as at 31st March, 2011 represent the accumulated profits amounting to HK$287,086,000 (2010: the aggregate of contributed surplus and accumulated profits of HK$1,272,093,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the Year and up to the date of this report were:

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

Executive Directors:
Wong Chi Fai
Fan Man Seung, Vanessa
Mok Fung Lin, Ivy (will resign on 1st July, 2011)

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

Each of Ms. Luk Siu Man, Semon ("Ms. Semon Luk"), Ms. Chan Sim Ling, Irene, Ms. Chan Wiling, Yvonne and Ms. Wan Choi Ha has entered into service agreement with the Company in relation to her service as Non-executive Director/Independent Non-executive Director for an initial term of one year up to 31st December, 2008 and will continue thereafter until terminated by notice in writing served by either party on the other and subject to the Bye-laws of the Company.

The term of office of each Director, including each Independent Non-executive Director, is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS *(Continued)*

In accordance with Bye-law 87(1) of the Company's Bye-laws, Ms. Semon Luk, Mr. Wong Chi Fai and Ms. Chan Sim Ling, Irene would retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

As at 31st March, 2011, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

(A) Long position interests in the Company

(i) Ordinary shares of HK$0.0001 each of the Company

Name of Director	Capacity/nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Semon Luk	Family	760,897,845 *(Note 1)*	58.87%

(ii) Share options

Name of Director	Capacity/nature of interests	Number of options/underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	Beneficial owner	5,000,000 *(Note 2)*	0.39%
Ms. Fan Man Seung, Vanessa	Beneficial owner	5,000,000 *(Note 2)*	0.39%

Directors' Report *(Continued)*

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

(A) Long position interests in the Company *(Continued)*

(ii) Share options (Continued)

Notes:

1. 760,897,845 shares of the Company were held by Worthly Strong which was indirectly wholly-owned by EIHL which was held as to approximately 69.08% by Charron Holdings Limited ("Charron") as at 31st March, 2011. The entire issued share capital of Charron was held by Million Way Holdings Limited ("Million Way") which was wholly-owned by STC International Limited ("STC International"), the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the said shares held by Worthly Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

2. Share options granted to the Directors under the share option scheme of the Company.

(B) Long position in shares/underlying shares of associated corporation

(i) Ordinary shares of HK$0.0001 each of the Company

Name of Director	Name of associated corporation	Capacity	Number of issued ordinary share(s) held	Approximate percentage holding
Ms. Semon Luk	Worthly Strong *(Note 1)*	Family	100	100%
	Million Way *(Note 1)*	Family	1	100%
	Charron *(Note 2)*	Family	1	100%
	EIHL *(Note 2)*	Family	2,532,991,824	69.08%
	Velba Limited ("Velba") *(Note 3)*	Family	1	100%
	NMG *(Note 3)*	Family	450,000,000	62.5%
	Allmighty Group Limited ("Allmighty Group") *(Note 4)*	Family	100	100%
	EWJ *(Note 4)*	Family	3,510,770,000	59.32%

Directors' Report *(Continued)*

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

(B) Long position in shares/underlying shares of associated corporation *(Continued)*

(ii) Share options

Name of Director	Name of associated corporation	Capacity/nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	EIHL	Beneficial owner	16,154,212 *(Note 5)*	0.44%
Ms. Fan Man Seung, Vanessa	EIHL	Beneficial owner	16,154,212 *(Note 5)*	0.44%
Ms. Mok Fung Lin, Ivy	EIHL	Beneficial owner	2,692,368 *(Note 5)*	0.07%

Notes:

1. Worthly Strong was the substantial shareholder of the Company. The entire issued share capital of Worthly Strong was ultimately held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the respective share capital of Worthly Strong and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the aforesaid share capital.

2. EIHL is a company with its shares listed in Hong Kong; 2,532,991,824 shares of EIHL were held by Charron. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and the aforesaid shares in EIHL held by Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

3. NMG is a company with its shares listed in Hong Kong; 450,000,000 shares of NMG were held by Velba. The entire issued share capital of Velba was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Velba and the aforesaid shares in NMG held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

4. EWJ is a company with its shares listed in Hong Kong; 3,510,770,000 shares of EWJ were held by Allmighty Group. The entire issued share capital of Allmighty Group was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as the founder of the AY Trust, was deemed to be interested in the share capital of Allmighty Group and the aforesaid shares in EWJ held by Allmighty Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

5. Being share options (adjusted) granted to the respective Directors (being the directors of EIHL) under the share option scheme of EIHL.

Directors' Report *(Continued)*

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

Save as disclosed above, as at 31st March, 2011, none of the Directors, chief executives of the Company nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 2nd September, 2002. Particulars of the Scheme are set out in note 28 to the consolidated financial statements.

Details of movements in the number of share options are set out below:

Name of grantee	Date of grant	Exercisable period	Exercise price of the share options	Number of options outstanding as at 1st April, 2010 and 31st March, 2011
Mr. Wong Chi Fai	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000
Ms. Fan Man Seung, Vanessa	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000

Save as disclosed herein, no options were granted, lapsed, exercised or cancelled under the Scheme.

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable any Director or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2011, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long positions in ordinary shares of HK$0.0001 each of the Company

Name of shareholder	Capacity/nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
EIHL *(Note)*	Interest in a controlled corporation	760,897,845	58.87%
Charron *(Note)*	Interest in a controlled corporation	760,897,845	58.87%
Million Way *(Note)*	Interest in a controlled corporation	760,897,845	58.87%
STC International *(Note)*	Trustee	760,897,845	58.87%
Dr. Albert Yeung *(Note)*	Founder of the AY Trust	760,897,845	58.87%
Penta Investment Advisers Limited	Investment manager	154,850,000	11.98%

Note: The 760,897,845 shares were held by Worthly Strong which was indirectly wholly-owned by EIHL which was held as to approximately 69.08% by Charron as at 31st March, 2011. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the said shares held by Worthly Strong. The above shares were the same shares as those set out in "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 31st March, 2011, the Directors were not aware of any person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected persons of the Company:

(a) Connected Transaction

On 25th November, 2010, Lavergem, a direct wholly-owned subsidiary of the Company, as transferor entered into a sale and purchase agreement (as supplemented by a supplemental agreement dated 13th December, 2010) with Grand Chain as transferee, an indirect wholly-owned subsidiary of EIHL being the controlling shareholder of the Company and hence a connected person of the Company under the Listing Rules, in relation to the transfer of the entire issued shares of Expert Pearl and the loan due by Expert Pearl to Lavergem as at completion date being 15th February 2011. The consideration was settled by the issuance and allotment of 452,391,094 ordinary Consideration Shares at HK$2.35 each by EIHL. Such Consideration Shares were not issued to Lavergem directly but were issued to the shareholders of the Company who were entitled to the EEH Distribution (special dividend by way of distribution in specie 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) and those Consideration Shares which fell to be issued to Worthly Strong (the holding company of the Company and a wholly-owned subsidiary of EIHL) were in turn 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) on 7th March, 2011. Expert Pearl, through its wholly-owned subsidiaries, Supreme Win Investments Limited and Emperor (Shanghai) Co. Ltd, is holding the entire interest in the property located in Yu Yuan, Shanghai, the PRC and it is under development. The above connected transaction was approved by the independent shareholders of the Company at the special general meeting held on 14th February, 2011.

Directors' Report *(Continued)*

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

(b) Continuing Connected Transactions

(i) Provision of services for the gaming area of the Grand Emperor Hotel

On 19th February, 2010, Tin Hou Limited ("Tin Hou"), an indirect wholly-owned subsidiary of the Company, entered into an agreement ("Agreement") with Sociedade de Jogos de Macau, S.A., ("SJM"), a company incorporated under the laws of Macau, for the provision of services or obligations comprising the management services and the promotion services to SJM by Tin Hou from 1st October, 2009 until the termination: (i) by either party or on the expiration of SJM's gambling license under the Gaming Concession Contract on 31st March, 2020 or (ii) any earlier termination thereof; or (iii) winding up or cessation of business of either party. In consideration for the provision of services, Tin Hou together with the nominated junket promoter which is a fellow subsidiary of Tin Hou and wholly owned by the Company shall be entitled to a share of the gross win and gross loss in respect of the monthly operating performance of the gaming area located at the Grand Emperor Hotel and bear all necessary operational expenses in relation to the operation of the gaming area. During the Year, the Group's net receipt under the Agreement was amounted to HK$1,056,405,559. SJM is principally engaged in gaming business in Macau and is one of the six concessionaires/sub-concessionaires licensed to carry on casino operations in Macau. SJM has 19.99% equity interest in Luck United Holdings Limited, a company indirectly owned as to 60% by the Company, and was therefore a substantial shareholder of a subsidiary of the Company and a connected person of the Company within the meaning of the Listing Rules. The Agreement constituted a continuing connected transaction for the Company under Rule 14A of the Listing Rules. The Company made an announcement on 19th February, 2010 and obtained the approval of independent shareholders in the special general meeting held on 29th April, 2010.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

(b) Continuing Connected Transactions *(Continued)*

(ii) Leasing of the Group's hotel property for the operation of the counter-party

Name of counterparty	Date of agreement	Location	Term	Amount of rental received during the Year
EWJ Watch and Jewellery Company Limited ("EWJ Macau") *(Note)*	2nd June, 2008	Shop No. 5, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1st July, 2008 – 30th June, 2011: HK$109,200 per month	HK$1,237,596
EWJ Macau	25th March, 2009	Shop Nos. 1 to 4, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1st April, 2009 – 31st March, 2012: HK$235,000 per month	HK$2,702,496

Note: EWJ Macau was an indirect wholly-owned subsidiary of EWJ. EWJ was indirectly owned as to about 59.32% by the AY Trust which is founded by Dr. Albert Yeung, a deemed substantial shareholder of the Company.

The above transactions constituted non-exempt continuing connected transactions for the Company under Rule 14A of the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholder's approval requirements. The Company made an announcement on 2nd June, 2008 and 25th March, 2009.

Save as note 13 – "Discontinued Operation" to the consolidated financial statements regarding the transfer of the entire equity interest in Expert Pearl and the "Rental income from a related company" in the amount of HK$3,940,000 for the Year as shown in note 34 – "Related party transactions" to the consolidated financial statements which constituted connected transactions of the Company under the Chapter 14A of the Listing Rules, all other transactions as shown in note 34 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(Continued)*

Auditor's letter on continuing connected transactions

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors (the "Board") has engaged the auditor of the Company to report the continuing connected transactions for the Year ("Disclosed CCTs") of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants and the auditor has reported to the Directors and concluded that the Disclosed CCTs:

(a) have received the approval of the Board of the Company;

(b) have been entered into in accordance with the terms of the relevant agreements governing such transactions;

(c) have not exceeded the relevant cap amount for the Year disclosed in previous announcements made by the Company; and

(d) were in accordance with the pricing policies of the Group (for transactions involving provision of goods and services by the Group).

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.37 of the Listing Rules, the Company's Independent Non-executive Directors have reviewed the Disclosed CCTs and the aforesaid auditor's letter and have confirmed that the transactions have been entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the terms of the respective agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, there was no contract of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Directors' Report *(Continued)*

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the five largest customers of the Group accounted for approximately 92.0% of the revenue of the Group. The largest customer accounted for approximately 89.9% of the Group's revenue and is the operator of VIP rooms, gaming concourse and slot machine hall who paid fee for the services rendered by the Group.

The five largest suppliers contributed to less than 30% of total purchases and services received of the Group during the Year.

Save as disclosed above, none of the Directors, their associates or any shareholders of the Company which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, has a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EMOLUMENT POLICY

The emolument policy of the Group to reward its employees and Directors is based on their performance, qualifications, competence displayed, market comparables and the performance of the Group. Remuneration package typically comprises salary, housing allowances, contribution to pension schemes and bonus relating to the profit of the Group. Upon and after the listing of the Company's shares, the remuneration package has been extended to include share options granted under the Scheme adopted by the Company on 2nd September, 2002, details of which are set out in note 28 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules on the Stock Exchange. The Company considers all of the Independent Non-executive Directors are independent.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 25 to 31.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company maintained the prescribed public float under the Listing Rules.

AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong
28th June, 2011

Corporate Governance Report

The Board is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. The Company has fully complied with all the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the Year.

THE BOARD

Board Composition

The Board is responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the shareholders and by formulating strategic directions and monitoring the financial and management performance of the Group as well.

As at 31st March, 2011, the Board comprised seven Directors (one Non-executive Director who is also the Chairperson of the Company, three Executive Directors and three Independent Non- executive Directors). The biographies of the Directors are set out on pages 10 and 11 of this annual report under the "Biographies of Directors and Senior Executives" Section.

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors of the Company.

Management Functions

Ms. Semon Luk, has been appointed as the Chairperson since 2000. With the assistance of the Company Secretary, she is responsible for setting the agenda for each Board meeting, taking into account any matters proposed by the Directors and would ensure all Board members work effectively and discharge their responsibility by providing timely, reliable and sufficient information on issues to be discussed at Board meetings. All Board members are properly briefed on the issues to be discussed and the meeting material is dispatched to the Directors before the meetings. The Company has not appointed a Chief Executive Officer.

The management team, with years of unique experience in hotel management, gaming and entertainment facilities management, and property development, implements the decisions from the Board and proposes management proposals for the Board's consideration. The team assumes full accountability to the Board for all operations of the Group.

Independent Non-executive Directors

The Independent Non-executive Directors, are all professionals with valuable local and/or international experience in legal, accounting, auditing or information security field, contribute to the Group by sharing their independent opinion and judgment on issues to be discussed at Board meetings.

The Independent Non-executive Directors were appointed for an initial term of one year up to 31st December, 2008 and will continue thereafter on a yearly basis unless being terminated by notice in writing served by either party, and subject to retirement by rotation in accordance with the Bye-laws of the Company.

Corporate Governance Report *(Continued)*

THE BOARD *(Continued)*

Independent Non-executive Directors *(Continued)*

The Company has received a confirmation of independence from each of the Independent Non-executive Directors and the Board considers each of them to be independent by reference to the factors stated in the Listing Rules. The Independent Non-executive Directors have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Board Meetings

The Board met regularly and board meetings were held at approximately quarterly intervals. The Board held eight Board meetings during the Year with the attendance of each Director as follows:

Name of Director	Meetings attended/ No. of Board meeting	Attendance rate
Non-executive Director		
Luk Siu Man, Semon (Chairperson)	8/8	100%
Executive Directors		
Wong Chi Fai	8/8	100%
Fan Man Seung, Vanessa	8/8	100%
Mok Fung Lin, Ivy	8/8	100%
Independent Non-executive Directors		
Chan Sim Ling, Irene	8/8	100%
Chan Wiling, Yvonne	8/8	100%
Wan Choi Ha	8/8	100%

The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team regarding the Board procedures, and all applicable rules and regulations in respect of the meetings are followed. Board meeting notice was sent to the Directors at least 14 days prior to regular meeting. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director. There is a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant Board resolution in which he/she or any of his/her associates has/have a material interest and that he/she shall not be counted in the quorum present at the Board meeting.

Corporate Governance Report *(Continued)*

THE BOARD *(Continued)*

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions of Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, all of them confirmed that they have complied with the required standard of dealings throughout the year ended 31st March, 2011.

Delegation by the Board

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to management as to the matters that must be approved by the Board before decisions are made on behalf of the Company.

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee and Remuneration Committee. The Company has not established any nomination committee.

The Audit Committee and the Remuneration Committee were established on 15th September, 2004 and 11th July, 2005 respectively. The Committees consist mainly of Independent Non-executive Directors. Clear written terms of reference are given to the members of these two Committees. Details of these two Committees are set out below:

1. *Audit Committee*

   The Audit Committee consists of three Independent Non-executive Directors, namely Ms. Chan Sim Ling, Irene (Chairperson of the Audit Committee), Ms. Chan Wiling, Yvonne and Ms. Wan Choi Ha. They are all professionals possess local and/or international experience in legal, accounting, auditing or information security experience. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and oversight of the financial reporting system and internal control procedures. The specific written terms of reference of the Audit Committee, which was re-adopted by the Board on 24th March, 2009 in light of the relevant amendments to the Listing Rules, are available in the Company's website at www.emp296.com.

   The Audit Committee convened three meetings during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting	Attendance rate
Chan Sim Ling, Irene (Chairperson)	3/3	100%
Chan Wiling, Yvonne	3/3	100%
Wan Choi Ha	3/3	100%

Corporate Governance Report *(Continued)*

THE BOARD *(Continued)*

Delegation by the Board *(Continued)*

1. *Audit Committee (Continued)*

A summary of the work performed by the Audit Committee during the Year is set out below:

i. reviewed with senior management and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the audited financial statements for the year ended 31st March, 2010 and the interim financial statements for the period ended 30th September, 2010;

ii. reviewed with senior management and the finance-in-charge the effectiveness of the internal control system of the Group;

iii. reviewed the non-exempt continuing connected transactions of the Group for the year ended 31st March, 2010;

iv. recommended the Board on the re-appointment of external auditor;

v. discussed with the external auditor, senior management and finance-in-charge the audit plan for the year ended 31st March, 2011;

vi. reviewed the independence of the external auditor and approved the engagement of external auditor; and

vii. noted the impact to the Group in respect of the amendments to the accounting principles and standards and the development of corporate governance.

2. *Remuneration Committee*

The Remuneration Committee consists of three members namely Mr. Wong Chi Fai (Chairman of the Remuneration Committee), an Executive Director, and two Independent Non-executive Directors, Ms. Chan Sim Ling, Irene and Ms. Chan Wiling, Yvonne. The primary duties of the Remuneration Committee are making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and determining specific remuneration packages of all executive Directors and senior management. Details of the remuneration of each Director for the Year are set out in note 11 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available in the Company's website at www.emp296.com.

Corporate Governance Report *(Continued)*

THE BOARD *(Continued)*

Delegation by the Board *(Continued)*

2. Remuneration Committee (Continued)

The Remuneration Committee convened one meeting during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting	Attendance rate
Wong Chi Fai (Chairman)	1/1	100%
Chan Sim Ling, Irene	1/1	100%
Chan Wiling, Yvonne	1/1	100%

A summary of the work performed by the Remuneration Committee during the Year is set out as follows:

i. reviewed the Directors' fees and recommended the Board to approve the fees of Non-executive Directors; and

ii. reviewed the current level and remuneration structure/package of the Executive Directors and approved the specific remuneration packages of Executive Directors.

Emolument Policy

The Company has adopted a written remuneration policy to ensure that there is a clear link to business strategy and a close alignment with shareholders' interest and current best practice, and aims to ensure that the Directors are rewarded fairly for their respective individual contributions to the Group's performance.

No individual should determine his or her own remuneration. The Independent Non-executive Directors are paid fees in line with market practice. The emoluments of the Executive Directors are determined by the Remuneration Committee having regard to the Company's operating results, individual performance and comparable market statistics. Remuneration package includes basic salaries, Director's fee, ad hoc rewards, performance related incentive payment, share-based payments and other benefits. Particulars of the share option scheme of the Company and number of share options granted to the Directors are set out in note 28 to the consolidated financial statements.

Corporate Governance Report *(Continued)*

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge that it is their responsibilities to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management has provided information and such explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

Internal Controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

During the Year, the Company had formulated an internal self-assessment process of all material controls including financial, operational and compliance controls and risk management functions and the internal audit department is assigned with the task to perform regular reviews on selected systems of the Group and would report audit review findings or irregularities, if any, to the management and advise on the implementation of necessary steps of systems to enhance operational or financial controls.

During the Year, the management had analysed the control environment and risk assessment, identified the various control systems implemented and agreed with the Audit Committee on the scope of review. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls and developing recommendations for improvement, where appropriate.

The Audit Committee assists the Board in evaluating the effectiveness of the system and has made recommendation to the Board that the management has discharged its duty to have an effective internal control system.

COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the shareholders of the Company mainly in the following ways: (i) the holding of annual general meetings which provide an opportunity for the shareholders to communicate directly with the Board, (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing up-dated information of the Group; (iii) the availability of latest information of the Group in our website at www.emp296.com; and (iv) the holding of press conference from time to time. There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors of the Company are welcome to visit the Company's website and raise enquiries through our Investor Relations Department whose contact details are available on the Company's website.

Corporate Governance Report *(Continued)*

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

In order to protect the environment and save costs for the benefit of shareholders, the Company has introduced the electronic means of corporate communication in December 2010. Shareholders may elect to receive printed or electronic copies of corporate communication. However, shareholders are encouraged to access corporate communication from the Company through the Company's website. We believe that it is also the most efficient and convenient method of communication with shareholders.

Separate resolutions are proposed at the general meetings for such substantial issue, including the re-election of retiring Directors.

The Company's notice to shareholders for the 2010 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to shareholders at least 10 clear business days before the meetings.

The chairperson of the meetings and chairman/member of the Committees at the last annual general meeting held on 18th August, 2010 and the special general meetings held on 29th April, 2010 and 14th February, 2011 were available to answer questions from the shareholders of the Company. The chairperson of each meeting had explained the procedures for conducting a poll during the general meetings.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Service rendered	**Fees paid/payable**
	HK$'000
Audit service	3,237
Non-audit service	–

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF EMPEROR ENTERTAINMENT HOTEL LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 94, which comprise the consolidated statement of financial position as at 31st March, 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report *(Continued)*

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2011 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th June, 2011

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2011

	Notes	2011 HK$'000	2010 HK$'000 (Restated)
Continuing operations			
Revenue	7	1,312,104	990,204
Cost of sales		(31,647)	(29,601)
Cost of hotel and gaming operations		(349,600)	(274,706)
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	9	(13,800)	(17,674)
Profit before taxation	10	450,138	304,076
Taxation	12	(53,507)	(40,209)
Profit for the year from continuing operations		396,631	263,867
Discontinued operation			
Profit for the year from discontinued operation	13	52,356	392,039
Profit for the year		448,987	655,906
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		11,757	1,331
Total comprehensive income for the year		460,744	657,237
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

Consolidated Statement of Comprehensive Income *(Continued)*

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
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	15		
– 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

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Investment properties	16	276,400	1,617,800
Property, plant and equipment	17	1,164,503	931,646
Prepaid lease payments	18	239,033	245,479
Deposits paid for acquisition of property, plant and equipment		565	5,257
Goodwill	19	110,960	110,960
		1,791,461	2,911,142
Current assets			
Inventories, at cost		7,314	6,741
Trade and other receivables	20	318,528	302,637
Prepaid lease payments	18	6,446	6,446
Pledged bank deposit	21	300	300
Bank balances and cash	21	856,163	573,398
		1,188,751	889,522
Current liabilities			
Trade and other payables	22	168,573	290,944
Amounts due to fellow subsidiaries	23	3,486	2,435
Amounts due to non-controlling shareholders of a subsidiary	24	183,947	117,028
Taxation payable		140,443	96,686
		496,449	507,093
Net current assets		692,302	382,429
Total assets less current liabilities		2,483,763	3,293,571
Non-current liabilities			
Amounts due to non-controlling shareholders of a subsidiary	24	72,983	162,334
Deferred taxation	26	84,409	215,779
		157,392	378,113
		2,326,371	2,915,458

Consolidated Statement of Financial Position *(Continued)*

At 31st March, 2011

	Notes	2011 HK$'000	2010 HK$'000
Capital and reserves			
Share capital	27	129	129
Reserves	29	1,761,191	2,471,991
Equity attributable to owners of the Company		1,761,320	2,472,120
Non-controlling interests	30	565,051	443,338
		2,326,371	2,915,458

The consolidated financial statements on pages 34 to 94 were approved and authorised for issue by the Board of Directors on 28th June, 2011 and are signed on its behalf by:

Wong Chi Fai
Director

Fan Man Seung, Vanessa
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(note 29(a))*	Property revaluation reserve HK$'000	Share options reserve HK$'000	Legal reserve HK$'000 *(note 29(b))*	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1st April, 2009	101	188,585	668	828,134	8,478	3,964	287	61,972	624,657	1,716,846	460,429	2,177,275
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	1,331	–	1,331	–	1,331
Profit for the year	–	–	–	–	–	–	–	–	587,278	587,278	68,628	655,906
Total comprehensive income for the year	–	–	–	–	–	–	–	1,331	587,278	588,609	68,628	657,237
Issue of shares	28	222,217	–	–	–	–	–	–	–	222,245	–	222,245
Arising on acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(96,384)	(96,384)
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling shareholders of a subsidiary *(note 24)*	–	–	–	–	–	–	–	–	–	–	10,665	10,665
2009 final dividend paid in cash	–	–	–	(23,266)	–	–	–	–	–	(23,266)	–	(23,266)
2010 interim dividend paid in cash	–	–	–	(32,314)	–	–	–	–	–	(32,314)	–	(32,314)
At 31st March, 2010	129	410,802	668	772,554	8,478	3,964	287	63,303	1,211,935	2,472,120	443,338	2,915,458
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	11,757	–	11,757	–	11,757
Profit for the year	–	–	–	–	–	–	–	–	331,506	331,506	117,481	448,987
Total comprehensive income for the year	–	–	–	–	–	–	–	11,757	331,506	343,263	117,481	460,744
Eliminated upon distribution *(note 13)*	–	–	–	–	–	–	–	(75,057)	–	(75,057)	–	(75,057)
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling shareholders of a subsidiary *(note 24)*	–	–	–	–	–	–	–	–	–	–	4,232	4,232
2010 final dividend paid in cash	–	–	–	(62,042)	–	–	–	–	–	(62,042)	–	(62,042)
2011 interim dividend paid in cash	–	–	–	(51,702)	–	–	–	–	–	(51,702)	–	(51,702)
Distribution in specie *(note 13)*	–	–	–	(658,810)	–	–	–	–	(206,452)	(865,262)	–	(865,262)
At 31st March, 2011	129	410,802	668	–	8,478	3,964	287	3	1,336,989	1,761,320	565,051	2,326,371

Consolidated Statement of Cash Flows

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities			
Profit before taxation			
– from continuing operations		450,138	304,076
– from discontinued operation		71,361	528,968
		521,499	833,044
Adjustments for:			
Interest income		(3,016)	(638)
Interest expenses		–	2,066
Imputed interest expense		13,800	15,608
Depreciation of property, plant and equipment		88,907	85,673
Release of prepaid lease payments		6,446	6,446
Gain on fair value change in investment properties		(122,220)	(569,118)
Impairment loss recognised in respect of goodwill		–	18,301
Loss on disposal of property, plant and equipment		448	136
Operating cash flows before movements in working capital		505,864	391,518
Increase in inventories		(573)	(1,860)
(Increase) decrease in trade and other receivables		(16,678)	17,933
Increase (decrease) in trade and other payables		30,882	(61,020)
Increase in amounts due to fellow subsidiaries		1,051	2,435
Decrease in amounts due to related companies		–	(2,800)
Net cash generated from operating activities		520,546	346,206
Cash flows from investing activities			
Interest received		3,016	638
Additions to property, plant and equipment		(82,190)	(49,500)
Additions to investment properties		(773)	(3,533)
Deposits paid for acquisition of property, plant and equipment		(565)	(5,257)
Proceeds on disposal of property, plant and equipment		404	105
Net cash outflow on discontinued operation	13	(12,511)	–
Net cash used in investing activities		(92,619)	(57,547)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from financing activities			
Dividends paid		(113,744)	(55,580)
Repayments to non-controlling shareholders of a subsidiary		(32,000)	(10,000)
Repayments of bank borrowings		–	(171,558)
Interest paid		–	(2,066)
Acquisition of additional interest in a subsidiary	27	–	(3,445)
Net cash used in financing activities		(145,744)	(242,649)
Net increase in cash and cash equivalents		282,183	46,010
Cash and cash equivalents at the beginning of the year		573,398	527,380
Effect of foreign exchange rate changes		582	8
Cash and cash equivalents at the end of the year		856,163	573,398
Analysis of balance of cash and cash equivalents at the end of the year			
Bank balances and cash		856,163	573,398

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2011

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information and Key Dates" section of the annual report. The Company's immediate holding company is Worthly Strong Investment Limited ("Worthly Strong"), a company incorporated in Hong Kong with limited liability. The intermediate holding company of the Company is Emperor International Holdings Limited ("EIHL"), a company incorporated in Bermuda with limited liability, the shares of which are also listed on the Stock Exchange. The ultimate holding company of the Company is Million Way Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 36.

In February 2011, the Group distributed 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 People's Republic of China (the "PRC") by way of dividend in specie of Expert Pearl Group to the Company's shareholders. Accordingly, the distribution constituted a discontinued operation to the Group and the consolidated statement of comprehensive income for the year ended 31st March, 2010 was restated. Such re-presentation has no impact on the consolidated statement of financial position of prior years. Accordingly, the consolidated statement of financial position as at 1st April, 2009 is not presented.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("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
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKAS 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	Distributions 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.

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 in equity, with no impact on goodwill or profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

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

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.

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 them out 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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKFRS 7 (Amendments)	Disclosures - Transfers of financial assets[4]
HKFRS 9	Financial instruments[5]
HKAS 24 (Revised 2009)	Related party disclosures[3]
HK(IFRIC) - INT 14 (Amendments)	Prepayments of a minimum funding requirement[3]
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments[1]

1 Effective for annual periods beginning on or after 1st July, 2010.
2 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2011.
4 Effective for annual periods beginning on or after 1st July, 2011.
5 Effective for annual periods beginning on or after 1st January, 2013.

In addition to the above, the HKICPA issued the following standards on 24th June, 2011.

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

These new or revised standards are mandatorily effective for annual periods beginning on or after 1st January, 2013. Early application is permitted so long as all of the six new or revised standards are applied early. The directors anticipate these standards will be adopted in the Group's consolidated financial statements for the period beginning 1st April, 2013. The directors have not yet had an opportunity to consider the potential impact of the adoption of these standards.

Other than as described above, the directors of the Company anticipate that the application of the other new or revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

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 as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st April, 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries prior to 1st April, 2010

For increases in interests in existing subsidiaries, the excess of the cost of acquisition over the carrying value of assets and liabilities of the subsidiaries attributable to the additional interest acquired is recognised as goodwill. For decreases in interests in existing subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests, which was the carrying amount of net assets attributable to the decrease in interests, was recognised in profit or loss.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Joint ventures

Jointly controlled operations

When a group entity undertakes its activities under joint venture arrangements directly that constituted as jointly controlled operations, the assets and liabilities arising from those jointly controlled operations are recognised in the statement of financial position of the relevant company on an accrual basis and classified according to the nature of the item. The Group's share of the income from the jointly controlled operations, together with the expenses that it incurs are included in the consolidated statement of comprehensive income when it is probable that the economic benefits associated with the transactions will flow to/from the Group.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purposes. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties *(Continued)*

An investment property is transferred to property, plant and equipment when it is evidenced by the commencement of owner's occupation. The fair value at the date of transfer is the deemed cost of the property for subsequent accounting in accordance with HKAS 16 Property, plant and equipment. The property interest held under an operating lease which was previously classified as investment property under the fair value model is accounted for as if it were a finance lease after the transfer and included in property, plant and equipment.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or fair value upon transfer from investment properties, less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or fair value of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of assets (other than goodwill and financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model and those transferred from investment properties to property, plant and equipment which is accounted for as if it were a finance lease after the transfer and included in property, plant and equipment.

Inventories

Inventories represent food and beverage, consumable and other goods of hotel and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

The Group's financial assets represent loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of the reporting period. Loans and receivables are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of loans and receivables (Continued)

For certain categories of financial asset, such as trade and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on the receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to its net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to fellow subsidiaries and amounts due to non-controlling shareholders of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

For the amounts due to non-controlling shareholders of a subsidiary, if the Group revises its estimates of the timing of repayments, the carrying amount of the amounts due to non-controlling shareholders of a subsidiary is adjusted to reflect the revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at the balance's original effective interest rate. The difference is adjusted to deemed capital contribution by the non-controlling shareholders.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods sold and services provided in the normal course of business, net of discounts.

Revenue arising from service provided for gaming operations in mass market halls, slot machine hall and VIP rooms is recognised when the relevant services have been rendered and the Group is entitled to the share of gross win and gross loss in respect of the operating performance from the gaming operator.

Revenue from hotel accommodation are recognised upon the provision of the accommodation services. Revenue from food and beverage sales and other ancillary services are recognised upon the provision of goods and services.

Service income is recognised when the services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment property, such properties are presumed to be recovered through sale. Such a presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve) and will be reclassified from equity to profit or loss on disposal of the foreign operation.

Share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share options reserve).

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profits.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes other than the costs directly attributable to the development of the properties, which are capitalised as part of the cost of qualifying assets, are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, the management has made judgements that have significant effect on the accounts recognised in the consolidated financial statements. The key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of investment properties

The fair value of HK$276,400,000 as at 31st March, 2011 (2010: HK$1,617,800,000) was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions, including comparable market transactions with adjustments to reflect different locations or conditions. Changes to the assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Estimates of repayment of amounts due to non-controlling shareholders of a subsidiary

The Group's carrying amount of the interest-free portion of the amounts due to non-controlling shareholders of a subsidiary as at 31st March, 2011 was HK$256,930,000 (2010: HK$279,362,000). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United Holdings Limited ("Luck United"), and its subsidiaries have surplus fund. Surplus fund represents available cash within these subsidiaries after payment of all operating expenses and payable including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The carrying amount of the amounts due to non-controlling shareholders of a subsidiary and the deemed contribution by non-controlling shareholders may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the timing and amount of repayment to the non-controlling shareholders, and consequently affect the amount of imputed interest to be recognised in profit or loss over the expected life of the amounts due to non-controlling shareholders of a subsidiary.

Estimated provision for impairment of trade receivables

The Group makes allowance for bad and doubtful debts based on an assessment of the recoverability of debtors. Allowances are made on trade receivables whenever there is any objective evidence that the balances may not be collectible. In determining whether an allowance for bad and doubtful debts is required, the Group takes into consideration the aging status and the likelihood of collection. Following the identification of doubtful debts, the responsible people discuss with the relevant customers and report on the recoverability. Specific allowance is only made for trade receivables that are unlikely to be collected. Where the expectation on the recoverability of the debts is different from the original estimate, such difference will impact the carrying amounts of debtors and doubtful debt expenses in the periods in which such estimate has been changed.

The carrying amount of trade receivables as at 31st March, 2011 is HK$197,827,000 (net of allowance for bad and doubtful debts of HK$62,769,000) (2010: HK$154,673,000 (net of allowance for bad and doubtful debts of HK$62,769,000)).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the amounts due to non-controlling shareholders of a subsidiary as disclosed in note 24, and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the debt raising.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables		
Trade and other receivables	311,547	294,756
Pledged bank deposit	300	300
Bank balances and cash	856,163	573,398
	1,168,010	868,454
Financial liabilities		
At amortised cost		
Trade and other payables	78,501	51,741
Amounts due to fellow subsidiaries	3,486	2,435
Amounts due to non-controlling shareholders of a subsidiary	256,930	279,362
	338,917	333,538

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposit, bank balances and cash, trade and other payables, amounts due to fellow subsidiaries and amounts due to non-controlling shareholders of a subsidiary. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cashflows. Several subsidiaries of the Group have foreign currency sales and purchases, but the management considers the amount of foreign currency sales and purchase is insignificant. The management considers the Group does not expose to significant foreign currency risk in relation to transactions denominated in Macau Pataca ("MOP"). Exposures on balances which are denominated in MOP in group entities with Hong Kong dollars as functional currency are not considered significant as MOP is pegged to Hong Kong dollars.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to bank balances. The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rate for the bank balances at the end of the reporting period and the reasonably possible change taking place at the beginning of each year and held constant throughout the respective year.

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Cash flow interest rate risk (Continued)

If interest rates for bank balances had been 5 basis points (2010: 10 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

	2011 **HK$'000**	**2010** **HK$'000**
Increase in post-tax profit for the year		
– Bank balances	428	574

If interest rates had been lower in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March, 2011 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to manage the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period based on the management knowledge of customers and their creditability and repayment record to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 52.7% (2010: 34.23%) and 53.17% (2010: 34.97%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel operation and gaming operation business segments. The remaining trade receivables balances are spread over numbers of customers.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of banking facilities and ensures compliance with loan covenants, if any.

As at 31st March, 2011, the Group has available unutilised banking facilities of HK$100,000,000 (2010: HK$100,000,000).

The following table details the Group's remaining contractual maturity for its financial liabilities that will result in cash outflow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month or repayable on demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Imputed interest portion HK$'000	Total carrying amounts HK$'000
2011								
Trade and other payables	–	78,501	–	–	–	78,501	–	78,501
Amounts due to fellow subsidiaries	–	3,486	–	–	–	3,486	–	3,486
Amounts due to non-controlling shareholders of a subsidiary	5.00%	–	–	193,358	80,642	274,000	(17,070)	256,930
		81,987	–	193,358	80,642	355,987	(17,070)	338,917
2010								
Trade and other payables	–	51,741	–	–	–	51,741	–	51,741
Amount due to a fellow subsidiary	–	2,435	–	–	–	2,435	–	2,435
Amounts due to non-controlling shareholders of a subsidiary	5.00%	–	–	123,016	182,984	306,000	(26,638)	279,362
		54,176	–	123,016	182,984	360,176	(26,638)	333,538

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective end of the reporting periods approximate their corresponding fair values.

7. REVENUE

An analysis of the Group's revenue is as follows:

	2011 HK$'000	2010 HK$'000
Continuing operations		
Service income from gaming operation in VIP rooms	409,484	321,190
Service income from gaming operation in mass market halls	711,490	463,191
Service income from gaming operation in slot machine hall	44,783	35,868
Hotel room income	49,618	62,035
Marketing and promotion income	–	14,462
Food and beverage sales	68,831	60,467
Rental income from investment properties	23,826	29,389
Others	4,072	3,602
	1,312,104	990,204

8. SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision maker ("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 the Grand Emperor Hotel

Property development – Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, 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 13).

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.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

8. SEGMENT INFORMATION *(Continued)*

Information regarding the above segments is reported below.

Segment revenues and results

For the year ended 31st March, 2011

	Continuing operations			Discontinued operation			
	Gaming operation HK$'000	Hotel operation HK$'000	Total HK$'000	Property development HK$'000	Total HK$'000	Elimination HK$'000	Consolidated 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	1,165,757	150,968	1,316,725	–	1,316,725	(4,621)	1,312,104
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							(71,361)
Profit before taxation from continuing operations							450,138

8. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

For the year ended 31st March, 2010

	Continuing operations			Discontinued operation			
	Gaming operation HK$'000	Hotel operation HK$'000	Total HK$'000	Property development HK$'000	Total HK$'000	Elimination HK$'000	Consolidated 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.

8. 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
	1,791,461	2,911,142

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.

9. FINANCE COSTS

	2011	2010
	HK$'000	HK$'000
Continuing operations		
Interests on bank borrowings wholly repayable within five years	–	2,066
Imputed interest expense on amounts due to non-controlling shareholders of a subsidiary	13,800	15,608
	13,800	17,674

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

10. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'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 operations (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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Ms. Luk Siu Man, Semon HK$'000	Mr. Wong Chi Fai HK$'000	Ms. Fan Man Seung, Vanessa HK$'000	Ms. Mok Fung Lin, Ivy HK$'000	Ms. Chan Sim Ling, Irene HK$'000	Ms. Chan Wiling, Yvonne HK$'000	Ms. Wan Choi Ha HK$'000	Total HK$'000
2011								
Fees	–	100	100	100	150	150	150	750
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Performance related incentive payment *(note)*	–	–	–	–	–	–	–	–
	–	100	100	100	150	150	150	750

	Ms. Luk Siu Man, Semon HK$'000	Mr. Wong Chi Fai HK$'000	Ms. Fan Man Seung, Vanessa HK$'000	Ms. Mok Fung Lin, Ivy HK$'000	Ms. Chan Sim Ling, Irene HK$'000	Ms. Chan Wiling, Yvonne HK$'000	Ms. Wan Choi Ha HK$'000	Total HK$'000
2010								
Fees	–	100	100	100	150	150	150	750
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Performance related incentive payment *(note)*	–	–	339	–	–	–	–	339
	–	100	439	100	150	150	150	1,089

Note: The performance related incentive payment is determined with reference to the operating results and individual performance.

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(ii) Employees' emoluments

The five highest paid individuals does not include any director of the Company in both years. The total emoluments of the five highest paid individuals in both years were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	7,689	6,998
Bonuses	6,012	3,595
	13,701	10,593

	Number of individuals 2011	 2010
Emoluments of the employees were within the following bands:		
HK$1,000,001 – HK$1,500,000	1	1
HK$1,500,001 – HK$2,000,000	–	1
HK$2,000,001 – HK$2,500,000	1	2
HK$2,500,001 – HK$3,000,000	1	–
HK$3,000,001 – HK$3,500,000	2	1

No emolument was recognised or paid by the Group to the directors as compensation for loss of office for both years. No director had waived any emoluments during both years.

(iii) Retirement benefit scheme

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of the independent trustees.

The employees of the Group's subsidiaries in Macau and the PRC are members of state-managed retirement benefit schemes operated by the Macau and PRC government. The Group is required to contribute a certain percentage of its payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

During the year, the retirement benefit scheme contributions for the continuing operations and the discontinued operation were HK$632,000 and HK$97,000 (2010: HK$452,000 and HK$185,000) respectively.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

12. TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
The charge comprises:						
Macau Complimentary Income Tax	43,757	31,106	–	–	43,757	31,106
Deferred taxation *(note 26)*	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.

The taxation for the year can be reconciled to the profit before taxation per consolidated statement of comprehensive income as follows:

	2011 HK$'000	2010 HK$'000
Continuing operations	450,138	304,076
Discontinued operation *(note 13)*	71,361	528,968
Profit before taxation	521,499	833,044
Tax charge at the Macau Complimentary Income Tax rate of 12% (2010: 12%)	62,580	99,965
Tax effect of expenses not deductible for tax purpose	7,323	12,557
Tax effect of income not taxable for tax purpose	(7,983)	(6,814)
Tax effect of tax losses not recognised	838	562
Effect of different tax rates of subsidiaries operating in other jurisdictions	9,882	70,870
Others	(128)	(2)
Taxation for the year	72,512	177,138

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

13. 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"), a wholly-owned subsidiary of EIHL (defined in note 1), to transfer its entire interest in 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 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 in the Company (other than those shares already held by the 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 of the Company 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 to 15.2.2011 HK$'000	Year ended 31.3.2010 HK$'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)
Profit before taxation	71,361	528,968
Taxation	(19,005)	(136,929)
Profit for the period/year	52,356	392,039

13. DISCONTINUED OPERATION *(Continued)*

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.

The carrying amounts of the assets and liabilities of Expert Pearl Group under the discontinued operation 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)
Net assets distributed	940,319
Cumulative exchange differences in respect of the net assets of Expert Pearl Group	(75,057)
Distribution recognised in equity	865,262

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:

	15.2.2011 HK$'000
Bank balances and cash	12,511

14. DIVIDENDS

	2011 HK$'000	2010 HK$'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
	113,744	55,580

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

The board of directors 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.

15. 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 HK$'000	2010 HK$'000
Earnings		
Earnings (profit for the year attributable to owners of the Company) for the purpose of basic and diluted earnings per share	331,506	587,278

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,292,545,983	1,177,704,598

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.

15. EARNINGS PER SHARE *(Continued)*

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 HK$'000	2010 HK$'000
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	(52,356)	(392,039)
Earnings for the purpose of basic and diluted earnings per share from the continuing operations	279,150	195,239

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 years ended 31st March, 2011 and 31st March, 2010 respectively.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

16. INVESTMENT PROPERTIES

	2011 Completed investment properties HK$'000	2011 Investment property under development HK$'000	2011 Total HK$'000	2010 Completed investment properties HK$'000	2010 Investment property under development HK$'000	2010 Total HK$'000
FAIR VALUE						
At 1st April	447,800	1,170,000	1,617,800	426,400	–	426,400
Exchange realignment	–	16,902	16,902	–	1,882	1,882
Reclassified from prepaid lease payments and property under development at 1st April upon adoption of amendments to HKAS 40	–	–	–	–	616,867	616,867
Additions	–	773	773	–	3,533	3,533
Reclassified to other receivable	–	(173,695)	(173,695)	–	–	–
Transfer to hotel property *(note)*	(217,600)	–	(217,600)	–	–	–
Increase in fair value	46,200	76,020	122,220	21,400	547,718	569,118
Eliminated upon distribution *(note 13)*	–	(1,090,000)	(1,090,000)	–	–	–
At 31st March	276,400	–	276,400	447,800	1,170,000	1,617,800

Note: During the year ended 31st March, 2011, certain properties originally held for rental purpose were transferred to property, plant and equipment upon commencement of owner-occupation at the fair value of HK$217,600,000 which was based on the valuation performed at the date of transfer by Memfus Wong Surveyors Limited ("Memfus Wong Surveyors"), an independent firm of professional property valuer not connected with the Group.

The completed investment properties are situated in Macau and held under medium-term leases. The investment property under development as at 31st March, 2010 was situated in the PRC and held under medium-term leases (the "Land"). Included in investment property under development as at 31st March, 2010 was net interest capitalised of HK$21,372,000. No further interest was capitalised in 2010 as all bank loans borrowed for the property development project had been repaid in prior years.

The fair values of the Group's investment properties as at 31st March, 2011 and 2010 have been arrived at on the basis of a valuation carried out on that date by Memfus Wong Surveyors.

All investment properties are held for rental under operating leases or under development as properties held for rental purpose.

16. INVESTMENT PROPERTIES *(Continued)*

For completed investment properties as at 31st March, 2011, the valuation was arrived at with reference to market evidence of recent transaction prices for similar properties of HK$276,400,000. For completed investment properties as at 31st March, 2010, the valuation was arrived at with reference to market evidence of recent transaction prices for similar properties of HK$241,600,000 and rental income using the applicable market yields for the respective locations and types of properties of HK$206,200,000.

For investment property under development as at 31st March, 2010, as the site was in its initial stage of development and only the site preparation work had been completed at the end of the reporting period, the valuation has been arrived at adopting direct comparison approach with reference to comparable transactions in the locality for similar lands, taken into consideration the cost that has been incurred for land preparation and base construction.

Litigation relating to the investment property under development in the PRC

On 26th May, 2004, the Group entered into a joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao Investment Development Co., Ltd. (now known as Shanghai Zhangxi Investment Development Co., Ltd.) ("JV Partner") to jointly develop the Land. Under the JV Agreement, the Group would provide the Land, the JV Partner would bear the full construction cost and the saleable floor area would be split between the parties in equal shares. The Group and the JV Partner intend to develop the property into a commercial complex ("Project"). The Group has an option to put its interest in the Project to the JV Partner at a consideration of HK$530,000,000. The option period is between (i) 18 months from the JV Partner taking possession of the Land and (ii) 30 months from the JV Partner taking possession of the Land or completion of the decoration of the common areas of the Project, whichever is the later (both months inclusive).

Under the terms of the JV Agreement, the Group has the right to terminate the JV Agreement and forfeit the JV Partner's contribution to the Project if the JV Partner failed to settle overdue construction cost payment to contractors of more than RMB10,000,000 for more than 3 months. In view of the JV Partner's failure to do so, the Group served a notice to the JV Partner to terminate the JV Agreement in October 2006. The management considered that the Group's jointly controlled operation (the "JCO") to develop the Land ceased thereafter. At that time, the JV Partner had contributed RMB27,130,000 towards the Project and incurred construction cost and other payables known to the Group totalling RMB56,490,000. The Group had since assumed the legal obligation to settle the outstanding payables incurred by the JV Partner in respect of the Project and recognised a total amount of RMB148,494,000 as investment property under development up to the date the Group received the Judgement (defined and explained below). In addition, the Group had taken up the JV Partner's contractual arrangements with regard to the construction of the Project which had not been commenced and the contractual commitments thereon as at 31st March, 2010 are set out in note 31.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

16. INVESTMENT PROPERTIES *(Continued)*

Litigation relating to the investment property under development in the PRC *(Continued)*

In October 2006, the Group commenced legal proceedings against the JV Partner in Shanghai, the PRC for termination of the JV Agreement, payment of the outstanding payables known to the Group at that time in the sum of RMB56,490,000 and forfeiture of the JV Partner's contribution of RMB27,130,000. The latter sum has not been recognised as assets by the Group, pending the outcome of the legal proceedings.

On 28th December, 2010, the Group received the judgement from the Shanghai No. 2 Intermediate People's Court under which the Group's request for termination of the JV Agreement and its other claims mentioned above were not granted whilst the JV Partner's counterclaim of RMB100,000,000 as damages for breach of the JV Agreement was also rejected, and the JV Agreement shall continue to have effect (the "Judgement"). As a result of the Judgement, the Group resumed to account for the Project as a JCO. Pursuant to the JV Agreement, the JV Partner would bear the full construction cost of the Project. Accordingly, the construction cost of RMB148,494,000 (equivalent to HK$173,695,000), which approximates the portion of fair value of the investment property under development attributable to the construction cost incurred and capitalised by the Group, was reclassified from investment property under development to other receivable from the JV Partner.

The Group filed an appeal against the Judgement to the Shanghai High People's Court in January 2011. The assets and liabilities attributable to the JCO were distributed upon distribution of Expert Pearl Group in February 2011, details of which are disclosed in note 13.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Others HK$'000	Total HK$'000
COST								
At 1st April, 2009	728,762	59,767	36,105	234,561	122,294	6,138	10,063	1,197,690
Exchange realignment	–	–	–	1	–	2	–	3
Additions	–	–	36,391	9,534	2,552	1,541	–	50,018
Disposals	–	–	(613)	(304)	–	(202)	–	(1,119)
At 31st March, 2010	728,762	59,767	71,883	243,792	124,846	7,479	10,063	1,246,592
Exchange realignment	–	–	2	10	–	16	–	28
Transfer from investment properties *(note 16)*	217,600	–	–	–	–	–	–	217,600
Additions	–	16,705	49,349	18,212	18,426	2,147	484	105,323
Disposals	–	–	–	(2,031)	–	(780)	–	(2,811)
Eliminated upon distribution *(note 13)*	–	–	(63)	(405)	–	(567)	–	(1,035)
At 31st March, 2011	946,362	76,472	121,171	259,578	143,272	8,295	10,547	1,565,697
DEPRECIATION								
At 1st April, 2009	49,583	2,660	10,743	119,475	39,090	2,114	6,485	230,150
Exchange realignment	–	–	–	–	–	1	–	1
Provided for the year	18,603	1,494	8,254	39,760	14,084	1,465	2,013	85,673
Eliminated on disposal	–	–	(613)	(228)	–	(37)	–	(878)
At 31st March, 2010	68,186	4,154	18,384	159,007	53,174	3,543	8,498	314,946
Exchange realignment	–	–	2	6	–	10	–	18
Provided for the year	20,030	1,912	14,759	34,330	14,768	1,516	1,592	88,907
Eliminated on disposal	–	–	–	(1,179)	–	(780)	–	(1,959)
Eliminated upon distribution *(note 13)*	–	–	(57)	(257)	–	(404)	–	(718)
At 31st March, 2011	88,216	6,066	33,088	191,907	67,942	3,885	10,090	401,194
CARRYING AMOUNTS								
At 31st March, 2011	858,146	70,406	88,083	67,671	75,330	4,410	457	1,164,503
At 31st March, 2010	660,576	55,613	53,499	84,785	71,672	3,936	1,565	931,646

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Hotel property and buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant lease, whichever is shorter
Leasehold improvements	10 – 20%
Furniture, fixtures and equipment	10 – 20%
Plant and machinery	10 – 20%
Motor vehicles	20%
Others	20%

The hotel property and buildings are located in Macau under medium-term lease.

18. PREPAID LEASE PAYMENTS

	2011 HK$'000	**2010 HK$'000**
COST		
At 1st April	251,925	304,276
Reclassified to investment properties at 1st April *(note 16)*	–	(45,905)
Release for the year	(6,446)	(6,446)
At 31st March	245,479	251,925
The Group's prepaid lease payments comprise:		
Leasehold land in Macau under medium-term lease	245,479	251,925
Analysed for reporting purposes as follows:		
Non-current	239,033	245,479
Current	6,446	6,446
	245,479	251,925

19. GOODWILL

	HK$'000
COST	
At 1st April, 2009	72,938
Arising on acquisition of additional interest in a subsidiary *(note)*	56,323
Impairment loss recognised in respect of property development project	(18,301)
At 31st March, 2010 and 2011	110,960

Note: The amount arose as a result of acquisition of additional 10% interest in Luck United (defined in note 4), an indirect non-wholly owned subsidiary of the Company at an acquisition cost of HK$225,690,000 on 28th August, 2009.

As at 31st March, 2011, the carrying amount of goodwill amounting to HK$110,960,000 (2010: HK$110,960,000) had been allocated to the cash-generating unit ("CGU") relating to the Group's gaming operation.

During the year, the Group performed an impairment review for goodwill of the Group's gaming operation based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3% (2010: 3%) per annum for subsequent years. The recoverable amount of the CGU of the gaming operation is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The forecast is discounted using a discount rate of 13% (2010: 13%). The discount rates were determined with reference to weighted average cost of capital of similar companies in the industry adjusted for certain factors specify to the Group's gaming operation. The growth rates do not exceed the long-term average industry growth forecasts. Changes in selling prices and direct costs are based on past practices and the management's expectations of future changes in the market. There has been no significant change in the model and assumptions used by the management as compared to 2010.

20. 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 are 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 HK$'000	2010 HK$'000
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
	197,827	154,673
Chips on hand	111,945	134,165
Other receivables and prepayments	8,756	13,799
	318,528	302,637

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

The Group's trade receivable balances do not have debtor which was past due at the reporting date for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK$46,018,000 (2010: HK$38,070,000) that would otherwise be past due or impaired have the terms not been renegotiated.

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$62,769,000 (2010: HK$62,769,000), since the management considered the prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

The Group's management closely monitors the credit quality of debtors and considers the debtors that are neither past due nor impaired to be of a good credit quality as continuous partial repayments are received from these debtors.

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, and carry interests at prevailing market rates which range from 0.01% to 1.98% (2010: 0.01% to 1.71%) per annum.

Pledged bank deposit represents deposit pledged to bank to secure use of ferry ticket equipment granted by a third party to the Group.

22. 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 HK$'000	2010 HK$'000
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
	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
	168,573	290,944

23. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are due to subsidiaries of EIHL, the intermediate holding company of the Company. The amounts are unsecured, interest-free and repayable on demand.

24. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS OF A SUBSIDIARY

	2011 HK$'000	2010 HK$'000
Interest-free amounts	256,930	279,362
Less: Amounts due within one year shown under current liabilities	(183,947)	(117,028)
Amounts due after one year	72,983	162,334

In accordance with the contractual terms of the shareholders' agreements, the interest-free amounts due to non-controlling shareholders of Luck United are to be repaid from surplus fund, which represents cash available in Luck United, an indirect non-wholly owned subsidiary of the Company, and its subsidiaries, after payment of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. Imputed interest on these advances had been computed at an original effective interest rate of 5% and a projection on the timing of realisation of surplus fund according to budget approved by the management of Luck United.

During the year, the Group partially repaid the principal of the interest-free shareholders' loans of HK$32,000,000 (2010: HK$10,000,000). The principal amount outstanding as at 31st March, 2011 was HK$274,000,000 (2010: HK$306,000,000). As at 31st March, 2011, the Group revised its estimates of repayments of the amounts due to non-controlling shareholders of a subsidiary and adjusted the carrying amount of the amounts due to non-controlling shareholders of a subsidiary in accordance with the revised estimated cash flows. The Group recalculated the carrying amount by computing the present value of estimated future cash flows at the original effective interest rate. This resulted in a decrease of HK$4,232,000 (2010: HK$10,665,000) being adjusted to the carrying amount of non-controlling interests in the current year.

In the opinion of the directors of the Company, the carrying amount of the amounts due to non-controlling shareholders of HK$72,983,000 (2010: HK$162,334,000) is not expected to be repaid in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund. Accordingly, the carrying amount of HK$72,983,000 (2010: HK$162,334,000) is shown as non-current.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

25. BANKING FACILITIES

As at 31st March, 2011, the Group has available unutilised banking facilities of HK$100,000,000 (2010: HK$100,000,000).

The banking facilities carried interest at HIBOR + 2.1% (2010: HIBOR + 2.1%) per annum. The banking facilities were secured by certain of the Group's assets. The values of these assets at the end of the reporting period were as follows:

	2011 HK$'000	2010 HK$'000
Hotel property	858,146	660,576
Investment properties	276,400	447,800
Prepaid lease payments	245,479	251,925
	1,380,025	1,360,301

26. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the year:

	Accelerated tax depreciation HK$'000 *(note)*	Development costs capitalised HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000 *(note)*	Total HK$'000
At 1st April, 2009	(26,394)	(4,191)	(57,232)	18,070	(69,747)
Credited (charged) to profit or loss	8,094	–	(139,498)	(14,628)	(146,032)
At 31st March, 2010	(18,300)	(4,191)	(196,730)	3,442	(215,779)
(Charged) credited to profit or loss	(4,934)	–	(24,550)	729	(28,755)
Eliminated upon distribution *(note 13)*	–	4,191	155,934	–	160,125
At 31st March, 2011	(23,234)	–	(65,346)	4,171	(84,409)

Note: The Macau tax authority granted a concessionary deduction to Pacific Strong Bases (Holding) Company Limited, an indirect non-wholly owned subsidiary of the Company in Macau, to claim deduction of depreciation allowance of its property, plant and equipment for tax purpose in an accelerated pattern over a period which is half of the expected useful lives of the property, plant and equipment. Deferred tax liability of HK$23,234,000 (2010: HK$18,300,000) has been recognised in respect to such accelerated tax depreciation. At the same time, deferred tax asset of HK$4,171,000 (2010: HK$3,442,000) has been recognised in respect to the tax losses arisen from the concessionary deduction.

26. DEFERRED TAXATION *(Continued)*

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset.

As at 31st March, 2011, the Group had unused tax losses of HK$113,155,000 (2010: HK$114,538,000) available for offset against future profits. Deferred tax asset had been recognised in respect of HK$34,758,000 (2010: HK$28,683,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$78,397,000 (2010: HK$85,855,000) due to unpredictability of future profit streams. Upon distribution of Expert Pearl Group and winding up of a subsidiary, the unrecognised tax loss reduced by HK$552,000 and HK$13,838,000 respectively. The Group's unrecognised tax losses might be carried forward indefinitely.

As at 31st March, 2010, included in unrecognised tax losses were losses of HK$1,547,000 and HK$12,291,000 that would expire in 2011 and 2012 respectively. The remaining tax losses might be carried forward indefinitely.

27. SHARE CAPITAL

	Number of shares	Share capital HK$'000
THE COMPANY		
Ordinary shares of HK$0.0001 each		
Authorised:		
At 1st April, 2009, 31st March, 2010, 1st April, 2010 and 31st March, 2011	2,000,000,000,000	200,000
Issued and fully paid:		
At 1st April, 2009	1,011,223,126	101
Issue of shares *(note)*	281,322,857	28
At 31st March, 2010 and 2011	1,292,545,983	129

Note: On 7th July, 2009, Great Assets Holdings Limited ("Great Assets"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Worthly Strong, for the acquisition of 10% equity interest in Luck United together with the loan due from Luck United to Worthly Strong of HK$72,983,000. The acquisition was satisfied by the issue and allotment of 281,322,857 shares of the Company at an issue price of HK$0.70 per share as agreed between the parties and an amount of HK$2,552,000 which was settled by way of cash payment. The issue and allotment of 281,322,857 shares of the Company to Worthly Strong was completed on 28th August, 2009 and the market price of the shares of the Company on the same date was HK$0.79 per share. The shares issued rank pari passu in all respects with the existing shares of the Company. Upon the completion of the acquisition, Luck United changed from a 50% owned subsidiary to a 60% owned subsidiary of the Group. Details of the transaction were disclosed in the circular issued by the Company dated 11th August, 2009. Total consideration of the acquisition amounted to HK$225,690,000, which comprised the fair value of the Company's shares issued on 28th August, 2009 of HK$222,245,000, cash of HK$2,552,000 and expenses directly attributable to the acquisition of HK$893,000.

28. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 2nd September, 2002 (the "Adoption Date"), the primary purpose of which is to provide incentives or rewards to participants including the directors and eligible employees of the Group.

Under the Scheme, the directors of the Company are authorised, at any time within ten years after the Adoption Date, to grant options to any participants to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing prices of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of options.

On 11th August, 2005, a total of 10,000,000 share options were granted to two directors of the Company at an exercise price of HK$2.20 under the terms of the Scheme. The options were vested immediately at the date of grant.

The outstanding shares options, which were granted to the directors of the Company under the Scheme are as follows:

Date of grant	Exercisable period	Exercise price HK$	Number of options outstanding as at 1st April, 2009, 31st March, 2010 and 31st March, 2011
11th August, 2005	11th August, 2005 – 10th August, 2015	2.20	10,000,000

During the year, no share options were granted under the Scheme by the Company.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

29. RESERVES

(a) The contributed surplus of the Group represents the aggregate of (a) the difference between the aggregate of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the Company's share capital issued as consideration for the acquisition; less (b) dividend paid by the Company.

(b) As stipulated by the relevant laws and regulations in the Macau Special Administrative Region, certain subsidiaries of the Company are required to set aside 25% of their profit for the year to a legal reserve until the legal reserve has reached 50% of their registered capital. No appropriation was made in 2010 and 2011 as the legal reserve of those subsidiaries has already reached 50% of their respective registered capital.

30. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31st March, 2011 was a deemed contribution by non-controlling shareholders of HK$105,003,000 (2010: HK$100,771,000), arising from adjustment of fair value at initial recognition and subsequent measurement (see note 24 for details) of certain loans from the non-controlling shareholders of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings.

31. COMMITMENTS

	2011 HK$'000	2010 HK$'000
Authorised but not contracted for in respect of:		
– investment property under development	–	713,591
– property, plant and equipment	92,537	–
	92,537	713,591
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– investment property under development	–	401,895
– property, plant and equipment	681	13,089
	681	414,984
	93,218	1,128,575

32. OPERATING LEASE COMMITMENTS

The Group as lessee

	2011 HK$'000	2010 HK$'000
Operating lease rentals paid and payable for the year in respect of rented premises	2,529	3,001

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	1,613	2,170
In the second to fifth year inclusive	212	524
	1,825	2,694

The leases were negotiated for terms ranging from 1 to 2 years and the rentals are pre-determined and fixed.

The Group as lessor

	2011 HK$'000	2010 HK$'000
Operating lease rentals received and receivable for the year in respect of completed investment properties	23,826	29,389

32. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessor *(Continued)*

At the end of the reporting period, the Group had contracted with tenants to receive the following future minimum lease payments in respect of premises in the completed investment properties in Macau, which fall due as follows:

	2011 HK$'000	2010 HK$'000
Within one year	16,724	16,990
In the second to fifth year inclusive	10,762	27,353
	27,486	44,343

Certain premises in the Group's completed investment properties have committed tenants for the tenancy ranging from 1 to 2 years (2010: 1 to 3 years) and the rentals are pre-determined and fixed.

33. MAJOR NON-CASH TRANSACTIONS

Other than the dividend in specie of Expert Pearl Group to the Company's shareholders disclosed in note 13 and the acquisition of 10% equity interest in Luck United by issue of the Company's shares disclosed in note 27, there is no other major non-cash transactions during the year ended 31st March, 2011 and 31st March, 2010.

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

34. RELATED PARTY TRANSACTIONS

(a) Other than disclosed in note 13, the Group also had the following significant transactions with related parties:

	2011 HK$'000	2010 HK$'000
Advertising expenses to related companies	347	316
Commission to Dr. Albert Yeung, a deemed substantial shareholder of the Company in the capacity of a patron of the Group's VIP rooms	465	2,672
Hotel room income from related companies	225	401
Professional fee expenses to related companies	410	478
Purchase of property, plant and equipment and merchandising goods from related companies	405	1,191
Reimbursement of administrative expenses paid by fellow subsidiaries	8,406	5,232
Reimbursement of administrative expenses paid by a related company	–	3,369
Rental income from a related company	3,940	3,940
Secretarial fee expense to a related company	300	225

Note: Certain directors, key management personnel and a deemed substantial shareholder of the Company have control or significant influence or are deemed to have significant influence in the above related companies.

(b) The key management personnel of the Company are the directors of the Company. The details of the remunerations paid to them relating to short-term employee benefits are set out in note 11.

35. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31st March, 2011 and 31st March, 2010 is as follows:

	2011 HK$'000	2010 HK$'000
Total assets		
Investment in subsidiaries	–	–
Other receivables	360	346
Amounts due from subsidiaries	427,104	1,444,332
Bank balances and cash	277,414	244,524
	704,878	1,689,202
Total liabilities		
Other payables	1,291	1,200
Amounts due to fellow subsidiaries	938	346
	2,229	1,546
Capital and reserves *(note)*		
Share capital	129	129
Reserves	702,520	1,687,527
	702,649	1,687,656

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

35. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Note:

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1st April, 2009	101	188,585	668	828,134	3,964	504,207	1,525,659
Loss and total comprehensive expense for the year	–	–	–	–	–	(4,668)	(4,668)
Issue of shares	28	222,217	–	–	–	–	222,245
2009 final dividend paid in cash	–	–	–	(23,266)	–	–	(23,266)
2010 interim dividend paid in cash	–	–	–	(32,314)	–	–	(32,314)
At 31st March, 2010	129	410,802	668	772,554	3,964	499,539	1,687,656
Loss and total comprehensive expense for the year	–	–	–	–	–	(6,001)	(6,001)
2010 final dividend paid in cash	–	–	–	(62,042)	–	–	(62,042)
2011 interim dividend paid in cash	–	–	–	(51,702)	–	–	(51,702)
Distribution in specie	–	–	–	(658,810)	–	(206,452)	(865,262)
At 31st March, 2011	129	410,802	668	–	3,964	287,086	702,649

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

36. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2011 and 31st March, 2010, were as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest Directly 2011 %	Directly 2010 %	Indirectly 2011 %	Indirectly 2010 %	Principal activities
Affluent Travel Services Limited	Hong Kong	Hong Kong	HK$500,000	–	–	60	60	Provision of travel agency services
Asian Glory Limited	Macau	Macau	MOP25,000	–	–	60	60	Property holding
Emperor Entertainment Hotel Management Limited	Macau	Macau	MOP25,000	–	–	60	60	Provision of project financing services
Emperor (Shanghai) Co., Ltd. 英皇(上海)有限公司	PRC – wholly-owned foreign investment enterprise	PRC	US$45,000,000	–	–	–*	100	Property development
Great Assets	British Virgin Islands	Macau	US$50	–	–	100	100	Investment holding
Keen Million Limited	British Virgin Islands	Macau	US$1	–	–	60	60	Mass market and slot machine operations
Lavergem Holdings Limited	British Virgin Islands	Hong Kong	US$1	100	100	–	–	Investment holding
Luck United	British Virgin Islands	Macau	US$10,000	–	–	60	60	Investment holding
Pacific Strong Bases (Holding) Company Limited	Macau	Macau	MOP500,000	–	–	60	60	Hotel operation
Precision Faith Limited	Macau	Macau	MOP100,000	–	–	100	100	VIP room operation and provision of gaming – related marketing and public relation services

Notes to the Consolidated Financial Statements *(Continued)*

For the year ended 31st March, 2011

36. PARTICULARS OF SUBSIDIARIES *(Continued)*

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest				Principal activities
				Directly		Indirectly		
				2011 %	2010 %	2011 %	2010 %	
Right Achieve Limited	British Virgin Islands	Macau	US$1	–	–	60	60	Investment holding
Tin Hou Limited	Macau	Macau	MOP25,000	–	–	100	100	Provision of agency services for gaming operation

* No longer a subsidiary of the Company as at 31st March, 2011 upon distribution of Expert Pearl Group (note 13).

None of the subsidiaries of the Company issued any debt securities as at 31st March, 2011 and 31st March, 2010.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Financial Summary

For the year ended 31st March, 2011

RESULTS

	Year ended 31st March,				
	2011 HK$'000	**2010 HK$'000**	**2009 HK$'000** *(Note)*	**2008 HK$'000** *(Note)*	**2007 HK$'000** *(Note)*
Continuing operations					
Revenue	1,312,104	990,204	791,456	1,271,429	1,310,007
Profit before taxation	450,138	304,076	5,709	333,563	443,220
Taxation	(53,507)	(40,209)	(7,784)	(33,642)	(34,102)
Profit (loss) for the year from continuing operations	396,631	263,867	(2,075)	299,921	409,118
Discontinued operation					
Profit for the year from discontinued operation	52,356	392,039	–	–	–
Profit (loss) for the year	448,987	655,906	(2,075)	299,921	409,118
Profit (loss) for the year attributable to owners of the Company					
– from continuing operations	279,150	195,239	(2,075)	299,921	409,118
– from discontinued operation	52,356	392,039	–	–	–
	331,506	587,278	(2,075)	299,921	409,118
Profit for the year from continuing operations attributable to non-controlling interests	117,481	68,628	–	–	–
	448,987	655,906	(2,075)	299,921	409,118

ASSETS AND LIABILITIES

	At 31st March,				
	2011 HK$'000	**2010 HK$'000**	**2009 HK$'000**	**2008 HK$'000**	**2007 HK$'000**
Total assets	2,980,212	3,800,664	3,195,763	3,369,590	3,205,039
Total liabilities	(653,841)	(885,206)	(1,018,488)	(1,176,476)	(1,307,359)
	2,326,371	2,915,458	2,177,275	2,193,114	1,897,680
Attributable to:					
Owners of the Company	1,761,320	2,472,120	1,716,846	1,713,239	1,459,223
Non-controlling interests	565,051	443,338	460,429	479,875	438,457
	2,326,371	2,915,458	2,177,275	2,193,114	1,897,680

Note: Included result of Expert Pearl Group whereby its operations was discontinued in current year as set out in note 13. The Directors considered that it is impractical for the Group to re-present the result of Expert Pearl Group for the years ended 31st March 2007, 2008 and 2009.

Summary of Properties

At 31st March, 2011

Particulars of the Group's investment properties as at 31st March, 2011, were as follows:

COMPLETED INVESTMENT PROPERTIES

	Location	Purpose	Floor area sq. ft.	The Group's interest %
1.	Shops of Ground Floor of the Grand Emperor Hotel, Macau	Commercial	4,672	60
2.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60
3.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60