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英皇娛樂酒店有限公司*
Emperor Entertainment Hotel Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 296)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31ST MARCH, 2009**

FINANCIAL HIGHLIGHTS

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31st March		
Revenue from continuing operations	791,456	1,255,133
EBITDA from continuing operations:		
Before minority interests	251,637	414,438
After minority interests	125,958	266,320
(Loss) gain on fair value change in investment properties attributable to:		
Equity holders of the Company	(46,650)	6,750
Minority interests	(92,650)	26,750
	(139,300)	33,500
Profit for the year attributable to equity holders of the Company	28,852	202,458
Earnings per share from continuing operations – basic	HK\$0.03	HK\$0.21

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2009 (the “Year”) together with the comparative figures for the corresponding year in 2008 as set out below.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Continuing operations			
Revenue	3	791,456	1,255,133
Cost of sales		(34,197)	(35,015)
Cost of hotel and gaming operations		(201,780)	(198,291)
Gross profit		555,479	1,021,827
Other income		11,938	24,329
(Loss) gain on fair value change in investment properties		(139,300)	33,500
Selling and marketing expenses		(63,897)	(71,396)
Commission expenses in gaming operations		(183,771)	(434,487)
Administrative expenses		(148,205)	(198,492)
Finance costs		(26,535)	(35,211)
Profit before taxation	4	5,709	340,070
Taxation	5	(7,784)	(33,642)
(Loss) profit for the year from continuing operations		(2,075)	306,428
Discontinued operation			
Loss for the year from discontinued operation	6	–	(6,507)
(Loss) profit for the year	3	(2,075)	299,921
Attributable to:			
Equity holders of the Company		28,852	202,458
Minority interests		(30,927)	97,463
		(2,075)	299,921
Dividends			
– Interim paid	7	–	41,342
– Final paid		40,449	82,684
		40,449	124,026
– Final proposed		18,202	40,449
Earnings per share			
– From continuing and discontinued operations	8		
Basic		HK\$0.03	HK\$0.20
Diluted		N/A	N/A
– From continuing operations			
Basic		HK\$0.03	HK\$0.21
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

At 31st March, 2009

	<i>Notes</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Non-current assets			
Investment properties		426,400	656,200
Property, plant and equipment		967,540	867,423
Prepaid lease payments		296,534	304,010
Property under development		570,962	554,215
Prepayment for acquisition of property, plant and equipment		518	35,646
Goodwill		72,938	72,938
		<hr/> 2,334,892	<hr/> 2,490,432
Current assets			
Inventories, at cost		4,881	4,950
Trade and other receivables	9	320,568	677,196
Prepaid lease payments		7,742	7,732
Pledged bank deposit		300	–
Bank balances and cash		527,380	189,280
		<hr/> 860,871	<hr/> 879,158
Current liabilities			
Trade and other payables	10	351,401	456,207
Amounts due to related companies		2,800	6,875
Amounts due to minority shareholders of a subsidiary		153,531	122,036
Taxation payable		65,580	48,261
Secured bank borrowings – amounts due within one year		44,604	41,880
		<hr/> 617,916	<hr/> 675,259
Net current assets		<hr/> 242,955	<hr/> 203,899
Total assets less current liabilities		<hr/> 2,577,847	<hr/> 2,694,331

CONSOLIDATED BALANCE SHEET (Continued)

At 31st March, 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Non-current liabilities		
Amounts due to minority shareholders of a subsidiary	203,871	252,678
Secured bank borrowings – amounts due after one year	126,954	171,569
Deferred taxation	69,747	76,970
	<u>400,572</u>	<u>501,217</u>
	<u>2,177,275</u>	<u>2,193,114</u>
Capital and reserves		
Share capital	101	101
Reserves	1,716,745	1,713,138
	<u>1,716,846</u>	<u>1,713,239</u>
Equity attributable to equity holders of the Company	460,429	479,875
Minority interests	2,177,275	2,193,114
	<u>2,177,275</u>	<u>2,193,114</u>

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”)

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) on Hong Kong Accounting Standards (“HKAS”) and HKFRS issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC)* – INT 12	Service concession arrangements
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 1 (Revised)	Presentation of financial statements ³
HKAS 23 (Revised)	Borrowing costs ³
HKAS 27 (Revised)	Consolidated and separate financial statements ⁴
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation ³
HKAS 39 (Amendment)	Eligible hedged items ⁴
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate ³
HKFRS 2 (Amendment)	Vesting conditions and cancellations ³
HKFRS 3 (Revised)	Business combinations ⁴
HKFRS 7 (Amendment)	Improving disclosures about financial instruments ³
HKFRS 8	Operating segments ³
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives ⁵
HK(IFRIC) – INT 13	Customer loyalty programmes ⁶
HK(IFRIC) – INT 15	Agreements for the construction of real estate ³
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation ⁷
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners ⁴
HK(IFRIC) – INT 18	Transfers of assets from customers ⁸

Notes: (Continued)

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) (Continued)

- ¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
- ² Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate.
- ³ Effective for annual periods beginning on or after 1st January, 2009.
- ⁴ Effective for annual periods beginning on or after 1st July, 2009.
- ⁵ Effective for annual periods ending on or after 30th June, 2009.
- ⁶ Effective for annual periods beginning on or after 1st July, 2008.
- ⁷ Effective for annual periods beginning on or after 1st October, 2008.
- ⁸ Effective for transfers on or after 1st July, 2009.

The adoption of HKFRS 3 (Revised) may affect the Group’s accounting treatment for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary.

The application of the amendment to HKAS 40 Investment Property included in improvements to HKFRSs 2008 will affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group’s accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 Property, Plant and Equipment. The amendment is to be applied prospectively and is effective for the Group’s financial year beginning 1st April 2009.

The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRS 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 (the “Listing Rules”) 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.

The accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2008.

Notes: (Continued)

3. SEGMENT INFORMATION

In accordance with the Group's internal financial reporting, the Group has determined business segments to be presented as the primary reporting format and geographical segments as the secondary reporting format.

Principal activities of the business segments are as follows:

- Hotel and gaming operations – Hotel and gaming operations in the Grand Emperor Hotel in Macau

- Property development – Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People's Republic of China (the "PRC")

The Group was also involved in the cruise and cruise-related operations in the high seas outside Hong Kong. That operation was discontinued on 29th June, 2007 (see note 6).

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Business segments

2009

	Hotel and gaming operations <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE	<u>791,456</u>	<u>–</u>	<u>791,456</u>
RESULTS			
Segment results	37,007	(1,745)	35,262
Imputed interest expense on amounts due to minority shareholders of a subsidiary	(18,191)	–	(18,191)
Other finance cost			(8,344)
Unallocated corporate income			3,598
Unallocated corporate expenses			<u>(6,616)</u>
Profit before taxation			5,709
Taxation			<u>(7,784)</u>
Loss for the year			<u><u>(2,075)</u></u>
BALANCE SHEET			
Assets			
Segment assets	2,031,295	636,437	2,667,732
Unallocated corporate assets			<u>528,031</u>
			<u><u>3,195,763</u></u>
Liabilities			
Segment liabilities	180,576	169,610	350,186
Amounts due to related companies	2,773	–	2,773
Amounts due to minority shareholders of a subsidiary	357,402	–	357,402
Taxation payable			65,580
Deferred taxation			69,747
Unallocated corporate liabilities			<u>172,800</u>
			<u><u>1,018,488</u></u>

All the above figures are derived from continuing operations.

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Business segments (Continued)

2008

	Continuing operations			Discontinued operation	Consolidated HK\$'000
	Hotel and gaming operations HK\$'000	Property development HK\$'000	Total HK\$'000	Cruise and cruise- related operations HK\$'000	
REVENUE	<u>1,255,133</u>	<u>–</u>	<u>1,255,133</u>	<u>16,296</u>	<u>1,271,429</u>
RESULTS					
Segment results	393,503	7,276	400,779	(7,652)	393,127
Imputed interest expense on amounts due to minority shareholders of a subsidiary	(18,924)	–	(18,924)	–	(18,924)
Interest on amounts due to minority shareholders of a subsidiary	(242)	–	(242)	–	(242)
Other finance costs			(16,045)	–	(16,045)
Unallocated corporate income			6,376	–	6,376
Unallocated corporate expenses			(31,874)	–	(31,874)
Profit (loss) before taxation			340,070	(7,652)	332,418
Taxation			(33,642)	–	(33,642)
Gain on disposal of discontinued operation			–	1,145	1,145
Profit (loss) for the year			<u>306,428</u>	<u>(6,507)</u>	<u>299,921</u>
BALANCE SHEET					
Assets					
Segment assets	2,558,889	620,766	3,179,655	–	3,179,655
Unallocated corporate assets					<u>189,935</u>
					<u>3,369,590</u>
Liabilities					
Segment liabilities	289,185	165,907	455,092	–	455,092
Amounts due to related companies	3,123	–	3,123	–	3,123
Amounts due to minority shareholders of a subsidiary	374,714	–	374,714	–	374,714
Taxation payable					48,261
Deferred taxation					76,970
Unallocated corporate liabilities					<u>218,316</u>
					<u>1,176,476</u>

Notes: (Continued)

4. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Profit before taxation has been arrived at after charging:						
Allowance for bad and doubtful debts (included in administrative expenses)	36,344	16,867	-	-	36,344	16,867
Auditor's remuneration	2,604	2,713	-	83	2,604	2,796
Depreciation of property, plant and equipment	77,236	72,247	-	1,724	77,236	73,971
Release of prepaid lease payments	6,456	6,464	-	-	6,456	6,464
Staff costs, including directors' remuneration and retirement benefit scheme contributions	133,841	152,652	-	5,833	133,841	158,485
Loss on disposal of property, plant and equipment	498	-	-	10	498	10
and after crediting:						
Gain on disposal of property, plant and equipment	-	767	-	-	-	767
Interest income from						
- bank deposits	3,598	6,054	-	-	3,598	6,054
- others	-	348	-	-	-	348
Exchange gain	5,059	13,716	-	-	5,059	13,716

5. TAXATION

	2009 HK\$'000	2008 HK\$'000
The charge (credit) comprises:		
Macau Complimentary Income Tax		
- current year	17,319	30,131
Deferred taxation	(9,535)	3,511
	<u>7,784</u>	<u>33,642</u>

All the above figures are derived from continuing operations.

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

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

Notes: (Continued)

6. DISCONTINUED OPERATION

On 7th May, 2007, the Group entered into an agreement to dispose of the entire interest of Quick Treasure Investments Limited and its subsidiaries (collectively referred to as the “Quick Treasure Group”), which carried out the Group’s cruise and cruise-related operations to a third party. The disposal was completed on 29th June, 2007, on which date control of the Quick Treasure Group was passed to the third party and the Group discontinued its cruise and cruise-related operations.

The loss for the year ended 31st March, 2008 from the discontinued operation is analysed as follows:

	<i>HK\$'000</i>
Loss of cruise and cruise-related operations for the year	(7,652)
Gain on disposal of subsidiaries in cruise and cruise-related operations	1,145
	<hr/>
	(6,507)
	<hr/> <hr/>

The results of the discontinued operation for the year ended 31st March, 2008 are as follows:

	<i>HK\$'000</i>
Revenue	16,296
Cost of sales	(1,304)
Direct operating expenses	(13,353)
Selling and marketing expenses	(1,467)
Administrative expenses	(7,824)
	<hr/>
Loss for the year	(7,652)
	<hr/> <hr/>

No tax charge was arisen on gain on discontinuance of the operation.

For the year ended 31st March, 2008, the discontinued operation spent HK\$6,816,000 in respect of the Group’s operating activities, paid HK\$117,000 in respect of investing activities and generated HK\$7,092,000 in respect of financing activities.

Notes: (Continued)

6. DISCONTINUED OPERATION (Continued)

The net assets of those subsidiaries under the discontinued operation at the date of disposal on 29th June, 2007 are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	127,788
Inventories	1,784
Trade and other receivables	1,213
Amount due from a related company	3,645
Bank balances and cash	2,054
Trade and other payables	(8,600)
Amount due to immediate holding company	(55,713)
	<hr/>
Net assets	72,171
Assignment of intercompany indebtedness	55,713
Gain on disposal	1,145
	<hr/>
Total consideration, satisfied by cash	129,029
	<hr/> <hr/>
Analysis of net inflow of cash and cash equivalents in connection with the disposal of discontinued operation	
Cash consideration	129,029
Bank balances and cash disposed of	(2,054)
	<hr/>
	126,975
	<hr/> <hr/>

7. DIVIDENDS

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim paid: HK\$Nil per share (2008: HK\$0.04 per share)	–	41,342
Final paid in respect of 2008: HK\$0.04 per share (2008: HK\$0.08 per share in respect of 2007)	40,449	82,684
	<hr/>	<hr/>
	40,449	124,026
	<hr/> <hr/>	<hr/> <hr/>

The Board proposed the payment of final dividend of HK\$0.018 per share (2008: HK\$0.04 per share) for the year ended 31st March, 2009 which is subject to approval by the shareholders in the forthcoming annual general meeting.

Notes: (Continued)

8. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share attributable to the equity holders of the Company is based on the following data:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic earnings per share	<u>28,852</u>	<u>202,458</u>
	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,011,223,126</u>	<u>993,220,028</u>

From continuing operations

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year attributable to the equity holders of the Company	28,852	202,458
Less: Loss for the year from the discontinued operation	<u>–</u>	<u>(6,507)</u>
Earnings for the purpose of basic earnings per share from the continuing operations	<u>28,852</u>	<u>208,965</u>

From discontinued operation

For the year ended 31st March, 2008, basic loss per share from the discontinued operation was HK\$0.01 per share, based on the loss for the year from the discontinued operation of HK\$6,507,000.

The denominator used was the same as those detailed above for basic earnings per share from the continuing and discontinued operations.

No effect of dilutive potential shares in respect of the share options was resulted as the exercise price of the Company's share options was higher than the average market price of the Company's shares.

Notes: (Continued)

9. TRADE AND OTHER RECEIVABLES

The Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period. At the balance sheet date, the maximum credit period was extended to 480 days (2008: 240 days) for certain customers. An aged analysis of the Group's trade receivables (net of allowances) at the balance sheet date is set out below:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	94,999	210,860
31-60 days	39,218	18,187
61-90 days	1,464	89,780
91-180 days	11,370	144,099
Over 180 days	48,240	23,420
	<hr/>	<hr/>
	195,291	486,346
Chips on hand	109,423	166,255
Other receivables	15,854	24,595
	<hr/>	<hr/>
	320,568	677,196
	<hr/> <hr/>	<hr/> <hr/>

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

10. TRADE AND OTHER PAYABLES

An aged analysis of the Group's trade payables at the balance sheet date is set out below:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	22,386	44,471
31-60 days	211	73
61-90 days	81	54
91-180 days	83	942
Over 180 days	179	-
	<hr/>	<hr/>
	22,940	45,540
Short-term advances	15,000	45,000
Construction payables and accruals	186,917	189,825
Other payables and accruals	126,544	175,842
	<hr/>	<hr/>
	351,401	456,207
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group principally engages in provision of entertainment and hospitality services in Macau. The Year had encountered a global credit crunch and downturn. The financial market uncertainty and a weakening economy had hampered the growth of gaming industry in Macau. A tightening visa policy by the government of the PRC has also led to a drop in the number of Mainland visitors going to Macau. The total number of visitors to Macau during the Year amounted to 22.3 million, 16.3% lower than the same period a year ago. Average length of stay in Macau by visitors remained relatively short at less than 1.5 nights. These all had an adverse impact on the general entertainment and hospitality market.

Earnings before interest, tax, depreciation and amortisation (EBITDA) before minority interests from continuing operations amounted to approximately HK\$251.6 million, compared with HK\$414.4 million previously.

The Group reported revenue of approximately HK\$791.5 million from its hotel and gaming operations in Macau for the Year, as compared with HK\$1,255.1 million for the previous corresponding period. During the Year, the Group saw a drop of HK\$139.3 million in the fair value of its investment properties, namely the leasing area of the Grand Emperor Hotel in Macau. The depreciation in market value of the Group's properties was due to sudden adverse change in the global property market during the Year. The property market had been volatile and subject to cyclical movements from time to time.

Profit attributable to the equity holders of the Company after the aforesaid fair value adjustment was approximately HK\$28.9 million (2008: HK\$202.5 million). Earnings per share from continuing operations were HK\$0.03, compared with HK\$0.21 in 2008.

Business Review

The Group's projects and developments are discussed as follows:

Hotel and Gaming Operations

The Group's flagship project, Grand Emperor Hotel in Macau ("Hotel"), had been providing solid contributions following the commencement of its 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.

During the Year, the Group recorded revenue of HK\$791.5 million (2008: HK\$1,255.1 million) from its operations in Macau.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Business Review (Continued)

Gaming Revenue

The Group's casino operation, run by licence holder Sociedade de Jogos de Macau, S.A., has experienced intensified competition arising from opening of new casinos, capacity expansion of existing casinos and the drop of Mainland visitors following the tightening of visa policy of the PRC. The growth of the gaming market is disrupted also by the outbreak of the financial tsunami, global credit crunch and weakening economy.

Gaming revenue for the Year amounted to HK\$602.6 million (2008: HK\$1,028.4 million), accounting for approximately 76.1% (2008: 81.9%) of the Hotel's total revenue.

Gaming Concourse

There were 59 tables in the Hotel as at the end of the Year in the gaming concourse, targeting the mass market. They in total contributed a gross win of approximately HK\$709.1 million, which represented an increment of 10.2% from HK\$643.6 million previously.

Since October 2008, the Hotel had offered seven additional tables in the concourse hall, converted from previously leased-out VIP rooms, in a move to cope with changes in market condition. The move proved to be right in place and time - revenue for the Year amounted to HK\$292.0 million, up from HK\$257.4 million in 2008. The Hotel, which had established its brand name since opening, had attracted repeated customers and brought in new customers with its comprehensive entertainment and dining facilities, appealing to the tastes of its visitors. It saw a surge in popularity with average win of approximately HK\$35,000 per table per day, up from HK\$34,000 previously.

Slot Machines

During the Year, this sector recorded a gross win of approximately HK\$90.0 million (2008: HK\$113.4 million). As at 31 March 2009, there were a total of 312 slot seats in the Hotel. The slot machines returned an average win of approximately HK\$800 (2008: HK\$910) per seat per day. Revenue decreased to HK\$36.0 million (2008: HK\$45.3 million) due to the fast-changing taste of customers.

VIP rooms

The Group self-manages two VIP rooms with 10 tables in total. The VIP rooms had rolling of approximately HK\$19.4 billion (2008: HK\$49.2 billion). Win percentage (calculated before discounts and commissions) was 3.1% (2008: 3.2%). Revenue was approximately HK\$274.6 million (2008: HK\$725.7 million) and the average win per table per day was approximately HK\$163,000 (2008: HK\$426,000). The revenue drop was due to fierce market competition as well as the management's proactive controls over revising and granting credit, in order to maintain a healthy and prudent financial position and sustain long-term operation, especially in terms of controlling bad-debt level and commission payout.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Business Review *(Continued)*

Non-gaming Revenue

During the Year, the Hotel recorded approximately HK\$188.9 million (2008: HK\$226.7 million) non-gaming revenue, amounting to approximately 23.9% (2008: 18.1%) of the Hotel's total revenue. It comprised mainly contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club, leased-out VIP rooms and retail space on the ground floor of the Hotel.

According to government statistics, the number of hotel rooms in Macau had increased 8.3% year-on-year to 17,534 as of 31st March, 2009. Hotel rooms in Macau saw a drop in occupancy rate from 75.7% previously to 72.6% in March 2009. The occupancy of hotels in Macau during the Year was between 65.6% and 79.2%, compared with 68.9% and 85.8% a year ago, as a result of increase in room supply and visa restriction.

The Hotel's high-quality services and facilities have attracted overseas visitors. The Hotel's 291 guest rooms received an average daily rate of approximately HK\$800 and maintained occupancy of 78% (2008: HK\$830 and 85%). Room revenue was approximately HK\$74.8 million (2008: HK\$85.0 million). The Hotel had launched festive promotion and packages that were well received by guests. Revenue from food and beverage was approximately HK\$65.8 million (2008: HK\$70.2 million). Rental revenue from sauna, night club, leased-out VIP rooms and retail space was approximately HK\$48.3 million (2008: HK\$71.5 million) with the expansion of retail space. To better serve the high-end VIP market while at the same time enhance the Group's revenue, the Hotel has converted and leased out part of its hotel lobby for opening a retail outlet during the Year. This had also showed the Group's determination to maximise returns for its shareholders.

Property Development

This segment recorded no revenue during the Year, as its property project in Shanghai remained under development. The segment did not record any significant contribution for the Year.

Located in Yu Yuan, Shanghai, the property will be developed into a shopping arcade and hotel/service apartment complex on a 22,870 square-metre prime site. The main body of the complex will be a multi-storey shopping arcade, and the entire project is expected to have a floor area of more than 110,000 square metres. A new Shanghai M10 subway route will be adjacent to the subject site.

The Group had completed the foundation and basement excavation work for the development. The Group is awaiting the outcome of the litigation set out in the section headed "Commitments and Contingencies" below in relation to the cancellation of a joint venture concerning the development of the project. In the meantime, the Group is reviewing the design and planning to award the contracts for construction above ground. The management is positive over the retail property market in Shanghai in the long term.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Property Development *(Continued)*

The project, being located in an established tourist area of Shanghai, is expected to generate stable rental revenue for the Group and enhance the Group's balance sheet when it is transformed into an investment property upon completion.

Outlook

The financial turmoil in 2008 is expected to spread to other sectors of the global economy in 2009. The year ahead remains challenging and uncertain, but the Macau market had shown signs of stabilisation in the first quarter of 2009. The Group believes in the future growth of Macau's economy and in particular its tourist industry. The continuous growth in China's economy is expected to benefit the Macau economy in the long term and provides promising outlook and business environment for the Group.

The Group positions itself, with the operation of the Hotel, as a full-scale entertainment vehicle and hopes to enjoy continuing contributions from gaming and ancillary businesses. The expansion of gaming concourse is expected to further secure increasing and stable contribution from the mass market amid intensifying competition in the VIP market. The management will closely monitor the market development and seek to improve operating margins through cost reduction initiatives and enhance efficiency. It looks forward to further utilisation of the Group's execution strength and rich assets in the entertainment industry.

Capital Structure, Liquidity and Financial Resources

During the Year, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 31st March, 2009, bank borrowings which were denominated in Hong Kong dollars, secured, interest bearing and had fixed repayment term amounted to approximately HK\$171.6 million. Advances from related companies totaling approximately HK\$2.8 million were denominated in Hong Kong dollars, unsecured, interest-free and repayable on demand. Advances from minority shareholders of a subsidiary of the Company were approximately HK\$357.4 million, which were denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiary has surplus fund.

The Group's current assets and current liabilities as at the end of the Year were approximately HK\$860.9 million and HK\$617.9 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) slightly decreased from 17.7% in the preceding financial year to 16.6%.

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. Bank balances and cash on hand of the Group as at 31st March, 2009 totaled approximately HK\$527.4 million, which were mainly denominated in Hong Kong dollars and Macau Pataca ("MOP"). With the borrowings and bank balances and cash on hand denominated in Hong Kong dollars and MOP, the Group experienced no significant exposure to foreign exchange rate fluctuation during the Year.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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

With its sufficient bank balances and cash on hand as well as its existing loan facility, the Directors considered to have sufficient working capital for the operations and the future development of the Group.

Pledge of Assets

As at the end of the Year, assets with carrying values of approximately HK\$1.36 billion were pledged to a bank as security for banking facilities granted to the Group.

Commitments and Contingencies

As at 31st March, 2009, the Group had capital commitments of approximately HK\$417.4 million, comprising HK\$417.0 million for property development project in Shanghai and HK\$0.4 million for property, plant and equipment in the Hotel in Macau.

In October 2006, the Group commenced legal proceedings against the joint venture partner (“JV Partner”) in Shanghai, the PRC, for termination of the joint venture agreement (“JV Agreement”) in respect of the development of the Group’s property in Shanghai as a result of the JV Partner’s failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner’s contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK\$94.8 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$113.4 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, in which event the JV Partner is unable to provide supportive rationale to the court to support their counterclaim, therefore no provision was made by the Group. The legal case is still in the progress as at the end of the Year.

In January 2007, the Group was sued jointly with its contractor for approximately MOP 3.5 million (equivalent to approximately HK\$3.4 million) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Hotel when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

Employees and Remuneration Policy

As at 31st March, 2009, the Group’s number of employees was 932 as compared to 1,032 as at the end of the preceding financial year. Total staff costs including directors’ remuneration for the Year were approximately HK\$133.8 million (2008: HK\$158.5 million). All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contribution to retirement benefit scheme, medical allowance and other fringe benefits.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees and Remuneration Policy *(Continued)*

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 in previous years.

FINAL DIVIDEND

The Board recommended to pay a final dividend of HK\$0.018 per share (“Final Dividend”) (2008: HK\$0.04) for the year ended 31st March, 2009 amounting to approximately HK\$18,202,000 (2008: HK\$40,449,000), subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 3rd September, 2009 (Thursday). The total distribution per share for the Year was HK\$0.018 (2008: HK\$0.08). If approved, the Final Dividend warrants will be dispatched on 29th September, 2009 (Tuesday) to shareholders whose names appear on register of members of the Company on 3rd September, 2009 (Thursday).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed, for the purpose of determining shareholders’ entitlement to the Final Dividend, from 1st September, 2009 (Tuesday) to 3rd September, 2009 (Thursday) (both days inclusive), during which period no share transfer will be effected.

In order to qualify for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 31st August, 2009 (Monday).

REVIEW OF ANNUAL RESULTS

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

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

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

Model Code for Securities Transactions

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

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

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

PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 24th June, 2009

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

Non-executive Director:

Ms. Luk Siu Man, Semon (*Chairperson*)

Executive Directors:

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Ms. Mok Fung Lin, Ivy

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene

Ms. Wan Choi Ha

Ms. Chan Wiling, Yvonne

* *For identification purposes only*