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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, 2010**

FINANCIAL HIGHLIGHTS

	2010	2009
	HK\$'000	HK\$'000
For the year ended 31st March		
Revenue	<u>990,204</u>	<u>791,456</u>
EBITDA:		
Before minority interests	391,382	251,637
After minority interests	<u>261,730</u>	<u>125,958</u>
Gain (loss) on fair value change in investment properties	<u>569,118</u>	<u>(139,300)</u>
Profit for the year attributable to owners of the Company	<u>587,278</u>	<u>28,852</u>
Earnings per share		
– Basic and diluted	<u>HK\$0.50</u>	<u>HK\$0.03</u>

* For identification purposes only

The board of directors (the “Board” or “Directors”) of Emperor Entertainment Hotel Limited (the “Company”) is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31st March, 2010 (the “Year”) together with the comparative figures for the corresponding year in 2009 as set out below.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March, 2010

	<i>Notes</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Revenue	3	990,204	791,456
Cost of sales		(29,601)	(34,197)
Cost of hotel and gaming operations		(274,706)	(201,780)
Gross profit		685,897	555,479
Other income		8,171	11,938
Gain (loss) on fair value change in investment properties		569,118	(139,300)
Impairment loss recognised in respect of goodwill		(18,301)	–
Selling and marketing expenses		(265,147)	(247,668)
Administrative expenses		(129,020)	(148,205)
Finance costs		(17,674)	(26,535)
Profit before taxation	4	833,044	5,709
Taxation	5	(177,138)	(7,784)
Profit (loss) for the year		655,906	(2,075)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		1,331	6,726
Revaluation gain on hotel property upon transfer to investment properties		–	19,268
Deferred tax on revaluation gain on hotel property upon transfer to investment properties		–	(2,312)
Other comprehensive income for the year (net of tax)		1,331	23,682
Total comprehensive income for the year		657,237	21,607

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*
For the year ended 31st March, 2010

	<i>Note</i>	2010 HK\$'000	2009 <i>HK\$'000</i>
Profit (loss) for the year attributable to:			
Owners of the Company		587,278	28,852
Minority interests		68,628	(30,927)
		<u>655,906</u>	<u>(2,075)</u>
Total comprehensive income attributable to:			
Owners of the Company		588,609	44,056
Minority interests		68,628	(22,449)
		<u>657,237</u>	<u>21,607</u>
Earnings per share	7		
Basic and diluted		<u>HK\$0.50</u>	<u>HK\$0.03</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st March, 2010

	<i>Notes</i>	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current assets			
Investment properties		1,617,800	426,400
Property, plant and equipment		931,646	967,540
Prepaid lease payments		245,479	296,534
Property under development		–	570,962
Deposits paid for acquisition of property, plant and equipment		5,257	518
Goodwill		110,960	72,938
		<hr/> 2,911,142 <hr/>	<hr/> 2,334,892 <hr/>
Current assets			
Inventories, at cost		6,741	4,881
Trade and other receivables	8	302,637	320,568
Prepaid lease payments		6,446	7,742
Pledged bank deposit		300	300
Bank balances and cash		573,398	527,380
		<hr/> 889,522 <hr/>	<hr/> 860,871 <hr/>
Current liabilities			
Trade and other payables	9	290,944	351,401
Amount due to a fellow subsidiary		2,435	–
Amounts due to related companies		–	2,800
Amounts due to minority shareholders of a subsidiary		117,028	153,531
Taxation payable		96,686	65,580
Secured bank borrowings – amounts due within one year		–	44,604
		<hr/> 507,093 <hr/>	<hr/> 617,916 <hr/>
Net current assets		<hr/> 382,429 <hr/>	<hr/> 242,955 <hr/>
Total assets less current liabilities		<hr/> 3,293,571 <hr/>	<hr/> 2,577,847 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**At 31st March, 2010*

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Non-current liabilities		
Amounts due to minority shareholders of a subsidiary	162,334	203,871
Secured bank borrowings – amounts due after one year	–	126,954
Deferred taxation	215,779	69,747
	<u>378,113</u>	<u>400,572</u>
	<u>2,915,458</u>	<u>2,177,275</u>
Capital and reserves		
Share capital	129	101
Reserves	2,471,991	1,716,745
	<u>2,472,120</u>	<u>1,716,846</u>
Equity attributable to owners of the Company	443,338	460,429
Minority interests	<u>2,915,458</u>	<u>2,177,275</u>

Notes:

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In 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.

Except as described in note 2, the accounting policies adopted for preparation of the consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st March, 2009.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations (“new and revised HKFRSs”) issued by the HKICPA.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC*) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC)– INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Notes: (Continued)

2. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 3).

New and revised HKFRS affecting the reported results and financial position

Amendments to HKAS 40 Investment property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). Prior to 1st April, 2009, the leasehold land and building elements of investment properties under development were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element was carried at cost less accumulated impairment losses, if any. The Group has used the fair value model to account for its investment properties. Property that was being constructed or developed for future use as an investment property was included in properties under development until construction or development was complete, at which time it was reclassified to and subsequently accounted for as an investment property. Any difference between the fair value of the property at that date and its previous carrying amount was recognised in profit or loss.

The Group has applied the amendments to HKAS 40 prospectively from 1st April, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment property under development that includes the leasehold land and buildings elements with previous carrying amounts of HK\$45,905,000 and HK\$570,962,000 as at 1st April, 2009 respectively, has been reclassified as investment properties and measured at fair value as at 1st April, 2009, with the fair value gain of HK\$363,133,000 and related deferred tax expense of HK\$90,783,000. During the Year, further fair value gain of HK\$184,585,000 and related deferred tax expense of HK\$46,147,000 have been recognised in the profit or loss. As at 31st March, 2010, the impact has been to decrease prepaid lease payments and property under development by HK\$45,905,000 and HK\$570,962,000 respectively, to increase investment properties by HK\$1,170,000,000, to increase deferred tax liabilities by HK\$136,930,000 and to increase profit for the year and accumulated profits by HK\$410,788,000. As a result of the adoption of the amendments to HKAS 40, the basic and diluted earnings per share of the Group for the Year increased by HK\$0.35.

The Group has not early applied any new and revised HKFRSs that have been issued but are not yet effective.

Notes: (Continued)

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1st April, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

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

In the past, the Group’s primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s operating segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, the segment information reported externally was based on risks and returns and analysed by service lines supplied by the Group, i.e. hotel and gaming operations and property development. However, information reported to the Executive Directors for the purpose of resource allocation and assessment of performance is more detailed and specifically focused on individual unit of operation. 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.

Principal activities of the 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 |
| Property development | – | Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People’s Republic of China (the “PRC”) |

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 of investment properties (the “Adjusted EBITDA”).

Inter-segment revenue are charged at prevailing market rate.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Segment revenues and results

For the year ended 31st March, 2010

	Gaming operation HK\$'000	Hotel operation HK\$'000	Property development HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<i>REVENUE</i>						
External revenue	834,711	155,493	-	990,204	-	990,204
Inter-segment revenue	-	4,621	-	4,621	(4,621)	-
Total	<u>834,711</u>	<u>160,114</u>	<u>-</u>	<u>994,825</u>	<u>(4,621)</u>	<u>990,204</u>
Segment result based on						
Adjusted EBITDA	<u>360,593</u>	<u>75,500</u>	<u>(333)</u>	<u>435,760</u>		435,760
Bank interest income						638
Depreciation of property, plant and equipment						(85,673)
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 minority shareholders of a subsidiary						(15,608)
Other finance costs						(2,066)
Release of prepaid lease payments						(6,446)
Unallocated corporate expenses						(44,378)
Profit before taxation						833,044
Taxation						(177,138)
Profit for the year						<u>655,906</u>

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31st March, 2009

	Gaming operation HK\$'000	Hotel operation HK\$'000	Property development HK\$'000	Segment total HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<i>REVENUE</i>						
External revenue	602,611	188,845	–	791,456	–	791,456
Inter-segment revenue	–	4,621	–	4,621	(4,621)	–
Total	<u>602,611</u>	<u>193,466</u>	<u>–</u>	<u>796,077</u>	<u>(4,621)</u>	<u>791,456</u>
Segment result based on						
Adjusted EBITDA	<u>207,625</u>	<u>87,911</u>	<u>(1,578)</u>	<u>293,958</u>		293,958
Bank interest income						3,598
Depreciation of property, plant and equipment						(77,236)
Loss on fair value change in investment properties						(139,300)
Imputed interest expense on amounts due to minority shareholders of a subsidiary						(18,191)
Other finance costs						(8,344)
Release of prepaid lease payments						(6,456)
Unallocated corporate expenses						<u>(42,320)</u>
Profit before taxation						5,709
Taxation						<u>(7,784)</u>
Loss for the year						<u><u>(2,075)</u></u>

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

Notes: (Continued)

3. SEGMENT INFORMATION (Continued)

Other information

Amounts included in the measure of segment results:

	Gaming operation <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Segment/ consolidated total <i>HK\$'000</i>
<i>For the year ended 31st March, 2009</i>				
Allowance for bad and doubtful debts	36,344	–	–	36,344

For the Year, there is no other information included in the measure of segment results.

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	
	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Macau	1,740,735	1,700,479
The PRC	1,170,407	634,413
	<u>2,911,142</u>	<u>2,334,892</u>

Information about major customers

During the Year, revenue derived from the customer which contributed over 10% of the Group's revenue amounted to HK\$859,759,000 (2009: HK\$623,411,000). The revenue related to the gaming operation and hotel operation.

Notes: (Continued)

4. PROFIT BEFORE TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts (included in administrative expenses)	–	36,344
Auditor's remuneration	2,732	2,604
Commission expenses in gaming operations (included in selling and marketing expenses)	232,479	183,771
Depreciation of property, plant and equipment	85,673	77,236
Loss on disposal of property, plant and equipment	136	498
Release of prepaid lease payments	6,446	6,456
Staff costs, including directors' remuneration and retirement benefit scheme contributions	191,260	133,841
and after crediting:		
Exchange gain	3,224	5,059
Interest income from bank deposits	638	3,598

5. TAXATION

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
The charge (credit) comprises:		
Macau Complimentary Income Tax	31,106	17,319
Deferred taxation	146,032	(9,535)
	177,138	7,784

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. DIVIDENDS

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Interim paid: HK\$0.025 per share (2009: Nil)	32,314	–
Final paid in respect of 2009: HK\$0.018 per share (2009: HK\$0.04 per share in respect of 2008)	23,266	40,449
	<u>55,580</u>	<u>40,449</u>

The Board proposed the payment of a final dividend of HK\$0.048 per share (2009: HK\$0.018 per share) for the year ended 31st March, 2010 which is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>587,278</u>	<u>28,852</u>
	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,177,704,598</u>	<u>1,011,223,126</u>

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for issue of shares on 28th August, 2009.

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 2010 and 2009 respectively.

Notes: (Continued)

8. 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:

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0-30 days	94,156	94,999
31-60 days	22,447	39,218
61-90 days	7,930	1,464
91-180 days	8,648	11,370
Over 180 days	21,492	48,240
	<hr/>	<hr/>
	154,673	195,291
Chips on hand	134,165	109,423
Other receivables	13,799	15,854
	<hr/>	<hr/>
	302,637	320,568
	<hr/> <hr/>	<hr/> <hr/>

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

9. TRADE AND OTHER PAYABLES

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

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
0-30 days	19,288	22,386
31-60 days	195	211
61-90 days	87	81
91-180 days	120	83
Over 180 days	116	179
	<hr/>	<hr/>
	19,806	22,940
Construction payables and accruals	182,470	186,917
Other payables and accruals	73,668	126,544
Short-term advance	15,000	15,000
	<hr/>	<hr/>
	290,944	351,401
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is principally engaged in the provision of entertainment and hospitality services in Macau.

During the Year, the gaming industry in Macau, the biggest market in the world, saw sustaining growth despite continuous decline in worldwide markets. Amidst the exuberating market environment, the Group has made an adjustment to its gaming operation so as to optimally position itself in the industry. The Group has tightened its corporate policy in credit control to limit the risk of bad debt despite the high profitability of VIP rooms. It has strategically focused more on the less competitive mass market. Gaming concourse area has been enlarged and renovated during the Year to cater for walk-in customers, whose steady and low risk contributions to the Group has been considered to be of the greatest benefit to its shareholders.

The Group has also taken steps to enhance customer satisfaction. Limousine service to and from home towns of VIP customers on the Pearl River Delta has been launched, while ferry tickets to various destinations have been made available for sale for regular customers' convenience. The Group has been proud to be able to distinguish itself in the market with such personalized services.

During the Year, the Group has achieved substantial growth in its gaming revenue, demonstrating that the Group's efforts and responsive actions in the changing market have paid off.

The Group together with one of its major shareholders, Emperor International Holdings Limited ("EIHL"), have been keeping an optimistic view of the Macau market with China's robust economic growth in the long term. On the one hand, the Group raised its holding in the Grand Emperor Hotel (the "Hotel") in Macau from 50% to 60% in August 2009, while EIHL on the other hand has increased its stake in the Group to approximately 56%, becoming the Group's controlling shareholder.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and after minority interests has amounted to approximately HK\$261.7 million during the Year (2009: HK\$126.0 million), representing a surge of 108%.

Profit attributable to shareholders of the Company has been HK\$587.3 million (2009: HK\$28.9 million). Earnings per share has been HK\$0.50, compared with HK\$0.03 in 2009.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Overview (continued)

During the Year, the Group has recognised a gain on the fair value change of its completed investment properties in Macau of approximately HK\$21.4 million (2009: loss of HK\$139.3 million). Its investment property under development in Yu Yuan, Shanghai has recorded a revaluation gain of approximately HK\$547.7 million (2009: Nil) due to a change in the accounting policy.

The Group has also paid off all bank borrowings during the Year, optimizing its financial position and minimizing its exposure to interest rate risk.

Business Review

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

Gaming and Hotel Operations

The Group's flagship project, the Hotel has 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 concourses and VIP rooms.

During the Year, the Group has recorded revenue of HK\$990.2 million (2009: HK\$791.5 million) from its operations in Macau.

Gaming Revenue

The Group's casino operation is run by licence holder Sociedade de Jogos de Macau, S.A. During the Year, the Group has adjusted its strategy to focus more on the less competitive mass market and lessen the pressure from new casinos, capacity expansion of existing casinos.

Gaming revenue for the Year has amounted to HK\$834.7 million (2009: HK\$602.6 million), accounting for approximately 84.3% (2009: 76.1%) of the Hotel's total revenue.

Gaming Concourse

It contributed a gross win of HK\$917.5 million (2009: HK\$709.1 million). With one additional table in the Year, there are now 60 tables. Gaming concourse area on 4th floor has been renovated to increase its draw to mass market. Revenue amounted to approximately HK\$463.1 million (2009: HK\$292.0 million).

Slot Machines

During the Year, this sector has recorded a gross win of approximately HK\$84.6 million (2009: HK\$90.0 million). As at 31st March, 2010, there were a total of 330 slot seats in the Hotel. Revenue has maintained at HK\$35.9 million (2009: HK\$36.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Business Review (continued)

VIP Rooms

The Group self-manages two VIP rooms with 14 tables in total. The VIP rooms have had rolling of approximately HK\$18.4 billion (2009: HK\$19.4 billion). Revenue has been approximately HK\$335.7 million (2009: HK\$274.6 million).

Hotel Revenue

While the Group has achieved significant improvement in its gaming revenue after the business adjustment, its non-gaming revenue has been in line with the continuous decrease in the number of tourists during the Year. The Hotel has recorded approximately HK\$155.5 million (2009: HK\$188.9 million) non-gaming revenue, amounting to approximately 15.7% (2009: 23.9%) of the Hotel's total revenue, comprising mainly contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club, a leased-out VIP room and retail space on the ground floor of the Hotel.

The Hotel's 291 guest rooms have received an average daily rate of approximately HK\$805 and maintained occupancy of 80.5% (2009: HK\$830 and 78%) during the Year. Room revenue has been approximately HK\$65.3 million (2009: HK\$74.8 million), revenue from food and beverage has been approximately HK\$60.5 million (2009: HK\$65.8 million), while rental revenue from sauna, night club, a leased-out VIP room and retail space has been approximately HK\$29.7 million (2009: a HK\$48.3 million).

Property Development

This segment has recorded no revenue during the Year, as its property project in Shanghai has remained under development. Located in Yu Yuan, Shanghai, the property will be developed into a shopping arcade and hotel/service apartment complex on a 246,200 square-foot prime site. The main body of the complex will be a multi-storey shopping arcade, and the entire project is expected to have a total gross area of 1,298,500 square feet. A new Shanghai M10 subway route will be adjacent to the subject site.

The Group has completed the foundation and basement excavation work for the development. The Group is now awaiting the outcome of the litigation set out in the section headed "Contingent Liabilities" 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.

The project, located in an established tourist area of Shanghai, is expected to generate stable rental revenue for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Outlook

The Group believes in the future growth of Macau's economy and in particular its tourist industry. The continuous growth in China's economy, the soundness and stability of which has been further confirmed after the financial turmoil in 2008, is expected to benefit the Macau economy in the long term and provide promising outlook and business environment for the Group.

To thrive in a highly competitive market, the Group will continue to capitalize on its brand awareness in China due to its long-time presence and popularity of its associate companies under Emperor Group to expand its market share in tourists from the Mainland. It will also maintain its flexibility and adaptability and react to the changing market conditions in a prompt and timely manner.

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 upgrade 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 react in advance to any foreseeable transformations and changes in the industry.

Acquisition of Additional Interest in a Subsidiary

On 7th July, 2009, Great Assets Holdings Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Worthy Strong Investment Limited ("Worthy Strong"), an indirect wholly-owned subsidiary of EIHL, for acquisition of additional 10% interest in Luck United Holdings Limited ("Luck United") and the entire shareholder's loan due from Luck United to Worthy Strong (the "Acquisition"). The Acquisition was completed on 28th August, 2009 and its aggregate consideration amounted to approximately HK\$199.5 million, out of which HK\$196.9 million was satisfied by the allotment and issue of 281,322,857 shares of the Company at an issue price of HK\$0.70 per share, as agreed between the parties to the Acquisition, and the balance of approximately HK\$2.6 million was settled by way of cash payment. According to the market price of the shares of the Company at the date of completion of HK\$0.79 per share, the 281,322,857 shares allotted to Worthy Strong were valued at approximately HK\$222.2 million and therefore the Group recorded goodwill of approximately HK\$56.3 million as a result of the Acquisition. Luck United is an investment holding company with its subsidiaries holding the entire interest in the Hotel.

Immediately after the Acquisition, the Group holds 60% interest in Luck United while EIHL becomes an intermediate holding company of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Capital Structure

On 28th August, 2009, the Company allotted and issued 281,322,857 shares of the Company to Worthly Strong for the Acquisition. As a result, the share capital and share premium of the Company increased by approximately HK\$28,000 and HK\$222.2 million respectively.

Liquidity and Financial Resources

During the Year, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations and repaid the entire bank borrowings. As at 31st March, 2010, advances from a fellow subsidiary totaled approximately HK\$2.4 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\$279.4 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\$889.5 million and HK\$507.1 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) decreased from 16.6% in the preceding financial year to 7.4%, which was mainly due to repayment of bank borrowings and increase in fair value of investment properties during the Year.

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, 2010 totaled approximately HK\$573.4 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 experienced no significant exposure to foreign exchange rate fluctuation during the Year.

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

Pledge of Assets

As at the end of the Year, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Contingent Liabilities

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\$95.1 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$113.7 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, and the JV Partner’s counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case was still in the progress as at the end of the Year.

In January 2007, the Group was sued jointly with its contractor for approximately MOP3.5 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, 2010, the Group’s number of employees was 965 as compared to 932 as at the end of the preceding financial year. Total staff costs including directors’ remuneration for the Year were approximately HK\$191.3 million (2009: HK\$133.8 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 in August 2005.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.048 per share (“Final Dividend”) for the Year (2009: HK\$0.018), amounting to approximately HK\$62,042,000, subject to the approval of the shareholders at the forthcoming annual general meeting of the Company to be held on 18th August, 2010 (Wednesday). If approved, the Final Dividend will be paid on or around 17th September, 2010 (Friday) to shareholders whose names appear on the register of members of the Company on 18th August, 2010 (Wednesday) and the total distribution per share for the Year will be HK\$0.073 (2009: HK\$0.018).

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 16th August, 2010 (Monday) to 17th August, 2010 (Tuesday) (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, Hong Kong for registration no later than 4:30 p.m. on 13th August, 2010 (Friday).

REVIEW OF ANNUAL RESULTS

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

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

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

Model Code for Securities Transactions

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

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

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

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

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

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

Hong Kong, 28th June, 2010

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

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

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

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