



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 2006/2007

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CORPORATION INFORMATION

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, LL.B (Hons), P.C.LL, MBA

QUALIFIED ACCOUNTANT

Tong Pui Hung, Joanna, CPA

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

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

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

REGISTRAR (in Bermuda)

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

REGISTRAR (in Hong Kong)

Secretaries Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

BANKERS

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

WEBSITE

<http://www.emp296.com>

STOCK CODE

296

CHAIRPERSON'S STATEMENT

The year under review which ended 31st March, 2007 was the first 12-month financial period in which Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") has operated a full-scale gaming and entertainment platform.

The Group's flagship project, Grand Emperor Hotel in Macau, had provided solid and steady contributions following the commencement of its operations in January 2006. The Group also saw contribution from its wholly-owned cruise vessel, the Golden Princess.

The construction of the Group's property development project - a shopping arcade and serviced apartment complex in Shanghai - is underway and is expected to be completed in 2009.

Turnover for the year soared 278.8% to approximately HK\$1.31 billion during the year, up from approximately HK\$345.8 million in 2006. Profit attributable to the shareholders of the Company rose 63.4% to approximately HK\$272.5 million, up from approximately HK\$166.8 million previously.

OPERATION REVIEW

The Group's development projects and various investments are discussed as follows:

Hotel and Gaming Operations

The Grand Emperor Hotel in Macau is the Group's flagship project. The hotel commenced business in January 2006 to get an early foothold in the fast growing and lucrative gaming market in Macau. The year marks the first year which recorded a full 12-month operation by the Group as a full-scale gaming and entertainment conglomerate, with positive contributions from all segments, gaming and non-gaming alike.

The Grand Emperor Hotel is located at the heart of Macau's city centre, a short distance from the main ferry terminal and the casino landmark Hotel Lisboa. Targeting medium to high rollers, the Grand Emperor Hotel has 136,660 square feet of gaming space spreading over seven floors. It offers 348 slot machine seats and approximately 90 gaming tables in gaming concourses and VIP rooms, featuring mainly baccarat - the most popular game in Macau with the best odds among major table games.

The luxuriously designed hotel also provides comprehensive entertainment and dining facilities with a European-themed decor and 291 hotel rooms.

During the year, the Group owns 45% of the project. With management control vesting in the Group and other stakeholders remaining as passive investors, the project's financials are consolidated into the Group's financial statements to provide transparency for the market and investors.

Since the commencement of business in January 2006, the Grand Emperor Hotel has quickly established its brand-name in Macau, the world's largest gaming market. Despite intensifying industry competition with the arrival of several new players in the market, the project recorded turnover of approximately HK\$1.2 billion (2006: HK\$207.9 million), and its segment profit reached approximately HK\$463.5 million (2006: HK\$386.5 million), of which HK\$171.1 million was arisen from a fair value change of leased-out areas of the Grand Emperor Hotel. The Group, which holds effectively 45% interest of the project during the year, shared the fair value change, net of the deferred tax, of approximately HK\$52.4 million.

CHAIRPERSON'S STATEMENT

Gaming Revenue

The Group's casino operations, run by licence holder Sociedade de Jogos de Macau, S.A., had performed in line with management expectations amid intensifying competition. All segments had recorded remarkable growth in revenue.

Gaming Concourse

During the year, the Group had increased the number of tables in operation in the mass market-targeted concourse to 52 from 44 in 2006. The cautious and gradual expansion had resulted in a growth in both gross win as well as average win per table per day.

The gaming concourse contributed a gross win of approximately HK\$494.6 million (2006: HK\$87.5 million), with an average win of approximately HK\$28,000 (2006: HK\$23,000) per table per day. Revenue for the year was approximately HK\$198.0 million (2006: HK\$35.0 million).

Slots

The Group operated 348 slot seats (2006: 333 seats) which contributed gross win of approximately HK\$119.3 million (2006: HK\$19.7 million). The slot machines returned an average win of approximately HK\$950 (2006: HK\$700) per seat per day. Revenue for the year was approximately HK\$42.3 million (2006: HK\$6.1 million)

Self-managed VIP room

The Group managed one of the seven VIP rooms within the hotel during the year and had an effective interest of 90% in the VIP room. Supported by a decade-long operating experience in Macau, the six gaming tables of the Group in its VIP room, all of which offer baccarat, recorded a rolling of approximately HK\$52.9 billion (2006: HK\$11.1 billion). Win percentage (calculated before discounts and commissions) was 3.1% (2006: 2.7%). Revenue was approximately HK\$761.7 million (2006: HK\$134.3 million) and average win per table per day was approximately HK\$750,000 (2006: HK\$579,000).

Rental from leased-out VIP rooms

The Group received contributions from the leasing of six VIP rooms operated within the hotel. Revenue was approximately HK\$40.0 million (2006: HK\$7.8 million) during the year.

Non-gaming Revenue

The Grand Emperor Hotel recorded approximately HK\$144.8 million (2006: HK\$24.7 million) in non-gaming revenue, which comprised mainly of contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club and retail space operations on the ground floor of the hotel.

According to Macau Government Documentation and Information Centre, the number of hotel rooms had increased 15.5% year-on-year to 13,049 as of 31st March, 2007. Hotel rooms in Macau recorded an average occupancy rate of approximately 76%. Amid growing competition and increase in room supply, the Group managed to attract and retain hotel guests with its top-class attentive service and high-end entertainment and lodging facilities. The 291 hotel rooms at the Grand Emperor Hotel returned an average daily rate of approximately HK\$740 (2006: HK\$800) during the year. Occupancy rate of the available guestrooms was 82% (2006: 64%).

CHAIRPERSON'S STATEMENT

Non-gaming Revenue (Continued)

Revenue from food and beverage was approximately HK\$58.3 million (2006: HK\$8.6 million). Rental revenue from sauna, night club and retail space operations was approximately HK\$14.7 million (2006: HK\$3.0 million).

Cruise and Cruise-related Operations

Turnover from this segment came from the rental and operation of cruise-related activities of the Golden Princess, the Group's wholly-owned 12,704-ton cruise liner which provides entertainment, gaming and accommodation facilities of up to 570 guests.

From its cruise-related operations, the Group received turnover of approximately HK\$123.3 million (2006: HK\$137.9 million) for the year and a profit of approximately HK\$34.9 million (2006: HK\$49.4 million).

Property Sales and Development

This segment recorded no turnover during the year, as its property project in Shanghai remained under development. The project recorded a loss of approximately HK\$4.1 million (2006: HK\$2.6 million).

Located in Yu Yuan, Shanghai, the project 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.

The new Shanghai M10 subway route – to be launched in 2009 – will be adjacent to the subject site and there will be entrances and exits connecting to and from our commercial complex. The Group had completed the foundation and basement excavation work for the development during the year. Basement construction is in progress. Construction has proceeded in line with management expectations.

POST BALANCE SHEET EVENTS

On 12th June, 2007, Courage Wisdom Investments Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with World Million Profits Limited ("World Million"), a wholly-owned subsidiary of the substantial shareholder of the Company, for acquisition of 10% interest in Nova Strategic Limited ("Nova Strategic") and its subsidiaries (the "Nova Strategic Group") which are currently owned as to 90% by the Group, and the entire shareholder's loan due from Nova Strategic to World Million as at the completion at a consideration of not less than HK\$170.783 million. The consideration will be satisfied by the allotment and issue of 104,744,846 shares of the Company at an issue price of HK\$1.63 per share. The balance of the consideration as at the completion will be settled by the parties by way of cash payment. The Nova Strategic Group holds 50% interest in the Grand Emperor Hotel in Macau and manages a VIP room in the Grand Emperor Hotel.

CHAIRPERSON'S STATEMENT

POST BALANCE SHEET EVENTS (Continued)

On 29th June, 2007, Lavergem Holdings Limited, a wholly-owned subsidiary of the Company disposed of the entire interest of Quick Treasure Investments Limited and its subsidiaries (collectively referred to as the "Quick Treasure Group") and the entire shareholder's loan due to the Group by the Quick Treasure Group to a third party at a consideration of approximately HK\$129.0 million and resulted in a gain of approximately HK\$1.1 million. The Quick Treasure Group holds the Golden Princess which operates the cruise and cruise-related businesses of the Group.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

There is no change in the capital structure of the Company for the year.

During the year, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 31st March, 2007, bank borrowings which were denominated in Hong Kong dollars, secured, interest bearing and had fixed repayment term amounted to approximately HK\$252.9 million. Advances from related companies totaling approximately HK\$103.9 million comprise an interest bearing amount of approximately HK\$28.4 million and an interest-free amount of approximately HK\$75.5 million, both of which were denominated in Hong Kong dollars, unsecured and repayable on demand. Advances from the minority shareholders amounted to approximately HK\$454.2 million comprising an interest bearing amount of approximately HK\$77.1 million and an interest-free amount of approximately HK\$377.1 million, both of which were denominated in Hong Kong dollars, unsecured and repayable only when the subsidiaries have surplus fund.

The Group's current assets and current liabilities as at the end of the year under review were approximately HK\$723.7 million and HK\$692.4 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) decreased from 34% in the preceding financial year to 25%, which was mainly due to repayment of bank borrowings and advances from related companies and the minority shareholders 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, 2007 totaled approximately HK\$216.4 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 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 of the Company ("Directors" or "Board") considered to have sufficient working capital for the operations and the future development of the Group.

PLEDGE OF ASSETS

As at 31st March, 2007, assets with carrying values of approximately HK\$1.5 billion were pledged to a bank as security for a banking facility granted to the Group.

COMMITMENTS AND CONTINGENCIES

As at 31st March, 2007, the Group had capital commitment in respect of property development project in Shanghai amounting to approximately HK\$388.4 million.

CHAIRPERSON'S STATEMENT

COMMITMENTS AND CONTINGENCIES (Continued)

In October 2006, the Group commenced legal proceedings against the joint venture partner ("JV Partner") in Shanghai, the People's Republic of China ("PRC"), for termination of the joint venture agreement ("JV Agreement") in respect of the development of the Group's property in Shanghai ("Project") 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 RMB83.62 million (equivalent to approximately HK\$84.5 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK\$101.0 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that the Group had prospects of successful termination of the JV Agreement, in which event the counterclaim of the JV Partner would also not be supported by court, therefore, no provision was made by the Group during 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 Grand Emperor 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 was of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

NUMBER AND REMUNERATION OF EMPLOYEES

The Group's number of employee was 1,118 (2006:1,022) as at 31st March, 2007. Total staff costs including directors' remuneration for the year were approximately HK\$149.1 million (2006: HK\$77.6 million). All employees are under remuneration policy of fixed monthly salary with discretionary bonus.

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 under review was a total of 10,000,000 share options granted to certain Directors in preceding financial year.

PROSPECTS

With the opening of the Grand Emperor Hotel in Macau in January 2006, the Group has repositioned itself as a full-scale gaming conglomerate, enjoying significant contributions from gaming and ancillary businesses.

With the Group's experience and well-received brand name - especially in the important mainland China market - the Grand Emperor Hotel has managed to quickly establish a significant presence in Macau. The hotel has recorded encouraging and improving performance despite increasing competition. To strengthen the Group's foothold in the feverish market, the Group had disposed of its cruiser liner and cruise operations after the year under review. The disposal allowed the Group to re-allocate its financial resources and management efforts, focusing on the operation of the Grand Emperor Hotel in Macau, a market with robust growth and potential.

CHAIRPERSON'S STATEMENT

PROSPECTS (Continued)

Since May 2007, the Group launched a new VIP room with four tables targeting high-rollers. Among the eight VIP rooms within the hotel, the Group now self-manages, two VIP rooms (10 tables in total), an area where the Group possesses substantial experience and expertise.

In June 2007, the Group entered into an agreement to increase its effective interest in the Grand Emperor Hotel from 45% to 50%, and in two self-managed VIP rooms in the Grand Emperor Hotel from 90% to 100%. The restructuring is subject to shareholders' approval and is expected to streamline the Group's corporate investment structure, raising its investment in the Grand Emperor Hotel and the Macau gaming market.

In relation to the Shanghai property development, the Group has appointed reputable international consultants to handle leasing management and to revise the design of the shopping arcade, with a view to improving pedestrian flow within the complex and thus maximising its investment value.

The project, while 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 scheduled completion in 2009.

Looking ahead, the Group will closely monitor the performance of all its business segments to maximise returns for its shareholders and investors. It will continue to look for expansion possibilities with further utilisation of the Group's execution strength and rich assets in the entertainment industry.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

LUK SIU MAN, SEMON

Chairperson

Aged 51, graduated from The University of Toronto with a Bachelor's Degree in Commerce. She worked in the banking industry for almost 10 years. She is also the chairperson of Emperor International Holdings Limited and Emperor Entertainment Group Limited, the shares of which are listed on the Main Board and Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") respectively. She joined the Company in March 2000.

WONG CHI FAI

Executive Director

Aged 51, is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He has over 20 years' experience in finance and management spanning a diverse range of businesses from manufacturing to property investment and development. He is also the joint managing director of Emperor International Holdings Limited and a director of Emperor Entertainment Group Limited, the shares of which are listed on the Main Board and GEM of the Stock Exchange respectively. He joined the Company in 1991.

FAN MAN SEUNG, VANESSA

Executive Director

Aged 44, is a lawyer by profession in Hong Kong and a registered accountant. She also holds a Master's Degree in Business Administration. She is also the joint managing director of Emperor International Holdings Limited and a director of Emperor Entertainment Group Limited, the shares of which are listed on the Main Board and GEM of the Stock Exchange respectively. She joined the Company in 1991.

MOK FUNG LIN, IVY

Executive Director and Company Secretary

Aged 42, is a lawyer by profession in Hong Kong and the United Kingdom, and holds a Master's Degree in Business Administration. She is also a director of Emperor International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. She joined the Group in 1993 as Legal Consultant and was appointed as executive director of the Company in February 2000.

CHAN SIM LING, IRENE

Independent Non-executive Director

Aged 44, graduated from The University of Hong Kong with a Bachelor's Degree in Laws in 1985. She was appointed as independent non-executive director of the Company in May 1998.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

CHAN WILING, YVONNE

Independent Non-executive Director

Aged 42, 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 has about twenty years of experience in accounting, auditing and information security fields and previously worked in two international accounting firms, Touche Ross & Co. and Ernst & Young. She was appointed as independent non-executive director of the Company in September 2004.

WAN CHOI HA

Independent Non-executive Director

Aged 39, 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. She was appointed as independent non-executive director of the Company in February 2006.

DIRECTORS' REPORT

The Board presents the annual report and the audited consolidated financial statements of the Company for the year ended 31st March, 2007.

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding and the activities of its principal subsidiaries are set out in note 37 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 ended 31st March, 2007 are set out in the consolidated income statement on page 25 and note 12 to the consolidated financial statements.

INVESTMENT PROPERTIES

As at 31st March, 2007, the Group revalued all of its investment properties on an open market at approximately HK\$681.2 million. The increase in fair value of approximately HK\$171.1 million has been credited to the consolidated income statement.

Details of changes in the investment properties of the Group are set out in note 14 to the consolidated financial statements.

A summary of investment properties of the Group as at 31st March, 2007 is set out on page 72.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment at a cost of approximately HK\$51.9 million.

Details of changes in the property, plant and equipment of the Group are set out in note 15 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.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES OF THE COMPANY (Continued)

The Company's reserves available for distribution to shareholders as at 31st March, 2007 represent the aggregate of contributed surplus and accumulated profits amounting to approximately HK\$1,459.7 million (2006: HK\$1,228.1 million).

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

Independent Non-executive Directors:

Chan Sim Ling, Irene
Chan Wiling, Yvonne
Wan Choi Ha

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

In accordance with Bye-law 87 of the Company's Bye-laws, all Directors, 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, 2007, 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 as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies 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:

DIRECTORS' REPORT

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

(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	Percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (note 1)	Family	323,391,555	34.82%

(ii) Share options

Name of director	Capacity	Number of options	Number of underlying shares
Mr. Wong Chi Fai (note 2)	Beneficial owner	5,000,000	5,000,000
Ms. Fan Man Seung, Vanessa (note 2)	Beneficial owner	5,000,000	5,000,000

Notes:

- 323,391,555 shares representing 34.82% of the shares of the Company, were registered in the name of Worthy Strong Investment Limited ("Worthy Strong"), an indirect wholly-owned subsidiary of Emperor International Holdings Limited ("EIH"). EIH was a company with its shares listed in Hong Kong; 57.55% of the shares of EIH as at 31st March, 2007 were registered in the name of Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by The A&A Unit Trust under The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"). Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 323,391,555 shares held by Worthy Strong. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the above 323,391,555 shares held by Worthy Strong.
- The share options were granted to Directors under the share option scheme of the Company.

(b) Long position in shares in associated corporations

Name of director	Name of associated corporation	Capacity	Number of issued ordinary shares held	Approximate percentage holding
Ms. Semon Luk	Nova Strategic Limited ("Nova Strategic") (note)	Family	10	10%

Note: Nova Strategic was owned as to 90% by the Group and as to 10% by Lion Empire Investments Limited ("Lion Empire"). The entire issued share capital of Lion Empire was held by The A&S Unit Trust, a unit trust under the Trust, of which Mr. Albert Yeung was the founder. Mr. Albert Yeung was deemed to be interested in the shares of Nova Strategic held by Lion Empire. By virtue of the aforesaid interests of Mr. Albert Yeung, Ms. Semon Luk (spouse of Mr. Albert Yeung and director of the Company) was also deemed to be interested in the shares of Nova Strategic held by Lion Empire.

DIRECTORS' REPORT

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

Save as disclosed above, as at 31st March, 2007, 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.

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 2nd September, 2002. Particulars of the Scheme are set out in note 29 to the consolidated financial statements.

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

Name of grantee	Date of grant	Exercise period	Exercise price of the share options	Number of options outstanding as at 1st April, 2006 and as at 31st March, 2007
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 corporates.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2007, 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 and 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:

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS (Continued)

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 holding
EIHL (<i>note</i>)	Interest in a controlled corporation	323,391,555	34.82%
Charron (<i>note</i>)	Interest in a controlled corporation	323,391,555	34.82%
Jumbo Wealth Limited (<i>note</i>)	Trustee	323,391,555	34.82%
GZ Trust Corporation ("GZ Trust") (<i>note</i>)	Trustee	323,391,555	34.82%
Mr. Albert Yeung (<i>note</i>)	Founder of the Trust	323,391,555	34.82%
OZ Management, L.L.C.	Investment manager	83,286,087	8.97%
Julius Baer Investment Management L.L.C.	Investment manager	74,493,652	8.02%

Note: The shares were registered in the name of Worthly Strong, an indirect wholly-owned subsidiary of EIHL. EIHL was a company with its shares listed in Hong Kong; 57.55% of the shares of EIHL as at 31st March, 2007 were registered in the name of Charron. The entire issued share capital of Charron was held by The A&A Unit Trust under the Trust, the trustee of which was GZ Trust. Mr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 323,391,555 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, 2007, 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

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.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the five largest customers of the Group accounted for approximately 89% of the revenue of the Group. The largest two customers accounted for approximately 79% and 9% of the Group's revenue, respectively. The largest customer is the operator of VIP rooms, gaming concourse and slot machines hall in the Grand Emperor Hotel which paid fee for the services rendered by the Group. The second largest customer is the operator of the gaming area of the Golden Princess which paid rental to the Group and its issued share capital was held as to 28% by a deemed substantial shareholder of the Company as at 31st March, 2007.

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS (Continued)

The five largest suppliers contributed to approximately 31% of total purchases and services received of the Group during the year. The largest supplier accounted for approximately 10% of the Group's total purchases and service received.

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 senior executives of the Group is approved by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the share option scheme are set out in note 29 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. 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 page 18 to 22.

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.

DIRECTORS' REPORT

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 38 to the consolidated financial statements.

AUDITOR

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

On behalf of the Board

Emperor Entertainment Hotel Limited

Luk Siu Man, Semon

Chairperson

Hong Kong
18th July, 2007

CORPORATE GOVERNANCE REPORT

The Board is committed to maintain a solid, transparent and sensible framework of corporate governance for the Company and its subsidiaries and will continue to review its effectiveness. The Company has fully complied with all the provisions of the Code on Corporate Governance Practice (the "Code") as set out in Appendix 14 to the Listing Rules throughout the financial year ended 31st March, 2007 except with the deviation from Code provision A.4.1 in respect of the requirement for the appointment of non-executive Directors for a specific term.

THE BOARD

The Board is responsible to lead and control the business operations of the Group and to protect the shareholders' assets. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group.

As at 31st March, 2007, 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 9 to 10 of this report under the "Biographies of Directors and Senior Executives" section.

The Company has received a confirmation of independence from each of the independent non-executive Directors. 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.

Ms. Luk Siu Man, Semon, has been appointed as the Chairperson since 2000, is responsible to set the agenda for each Board meeting, taking into account any matters proposed by the Directors. She, with the assistance of the Company Secretary, would ensure all Board members work effectively and discharge his/her responsibility by providing timely, reliable and sufficient information on issues to be discussed at Board meetings. The Board members are properly briefed of the issues discussed and the meeting material is dispatched to the Directors before the meetings.

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 judgement on issues to be discussed at Board meetings.

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.

The Audit Committee and the Remuneration Committee were established on 15th September, 2004 and 11th July, 2005 respectively. The members of the Committees consist of mainly independent non-executive Directors. Clear written terms of reference are given to these two Committees and details of these two Committees are set out in the paragraphs "Audit Committee" and "Remuneration Committee" below.

CORPORATE GOVERNANCE REPORT

THE BOARD (Continued)

Code provision A.4.1 requires non-executive directors be appointed for a specific term. However, the Non-executive Directors were not appointed for a specific term. Pursuant to bye-law 87 of the Bye-laws of the Company, all Directors for the time being shall retire from office at each annual general meeting and being eligible for re-election. The Board is of the opinion that the appointment of non-executive directors without specific term but otherwise subject to retirement and re-election by shareholders is reasonable.

The Company has not established a nomination committee. During the financial year ended 31st March, 2007, no additional Director was appointed by the Board. The Board would consider a number of criterion, including the past experience, qualifications and overall integrity of any recommended candidates for directorship.

The Board held four meetings during the financial year 2006-2007 with the attendance of each Director as follows:

Number of meetings		4
Non-executive Directors		
Luk Siu Man, Semon (<i>Chairperson</i>)	4/4	100%
Executive Directors		
Wong Chi Fai	4/4	100%
Fan Man Seung, Vanessa	4/4	100%
Mok Fung Lin, Ivy	3/4	75%
Independent Non-executive Directors		
Chan Sim Ling, Irene	4/4	100%
Chan Wiling, Yvonne	4/4	100%
Wan Choi Ha	4/4	100%

Board meeting notice was sent to the Directors at least 14 days prior to the meeting. The Directors also 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 meetings are followed. 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. An original copy of such minutes, being kept by the Company Secretary, is open for inspection at any reasonable time on reasonable notice by any Directors. A procedure has been approved by the Board to enable the Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

The Company has adopted a code of conduct regarding securities transactions by directors and senior executives on no less terms than the required standard of dealings set out in Appendix 10 of the Listing Rules. Having made specific enquiry to all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration Committee

The Remuneration Committee consists of three members. It is chaired by the executive Director, Mr. Wong Chi Fai with two independent non-executive Directors, Ms. Chan Sim Ling, Irene and Ms. Chan Wiling, Yvonne. The major responsibility of the Remuneration Committee is assisting the Board to attract, retain and motivate the high calibre executives, and making recommendations on the establishment of a formal and transparent procedure for developing remuneration policy. Details of the remuneration of each of the Directors for the year ended 31st March, 2007 are set out in note 10 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available in the Company's website: www.emp296.com.

The Remuneration Committee has convened a meeting in September 2006, which was attended by all Committee members. The task performed by the Remuneration Committee including (i) reviewed and endorsed the remuneration structure of the Directors; (ii) reviewed the market data of directors' remuneration; and (iii) recommended to the Board the annual directors' fees.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibility to prepare the accounts of the Group and other financial disclosures required under the Listing Rules.

The management has provided information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

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 Board has adopted a revised terms of reference on 19th December, 2006, which is updated to reflect the current requirements of the Listing Rules. The revised terms of reference has been set out on the Company's website: www.emp296.com. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditors, 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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (Continued)

Audit Committee (Continued)

The Audit Committee had convened four meetings during the financial year ended 31st March, 2007 and all members had attended all meetings. Draft and final versions of minutes were circulated to the Committee members for their review and record respectively. The summary of work performed by the Audit Committee during the financial year ended 31st March, 2007 is set out below:

- i. Reviewed with the external auditors and the senior management of the audit plans for the financial years ended 31st March, 2006 and 2007;
- ii. Reviewed with the senior management and/or the external auditors the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the financial year ended 31st March, 2007;
- iii. Reviewed the impact to the Group in respect of the amendments to the accounting principles with the external auditors;
- iv. Reviewed the revised terms of reference of audit committee and recommended to the Board for adoption;
- v. Approved the scope of internal control;
- vi. Determined the external auditor's independence and reviewed the effectiveness of the audit process;
- vii. Approved the audit fees for the financial year 2005-2006 and re-election of auditor; and
- viii. Meeting with the external auditors and review their work and findings relating to the annual audit

Internal Control

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 financial year ended 31st March, 2007, the Company has 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 will 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. The Audit Committee is charged with the task to evaluate the effectiveness of the system.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (Continued)

Internal Control (Continued)

During the year under review, the management has 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.

COMMUNICATION WITH SHAREHOLDERS

The Company communicated with the shareholders of the Company in the following ways: (i) the holding of annual general meeting which provide an opportunity for the shareholders of the Company to raise questions to the Board on the business of the Group, if any and the issuance of annual report and/or circular as required under the Listing Rules providing up-dated information of the Group; (ii) the shareholders and investors of the Company are welcome to visit our website for the latest information of the Group; and (iii) convene press conference from time to time.

Separate resolutions are proposed at the annual general meeting on each substantial separate issues, including the election of individual directors as required under the Listing Rules.

The Chairperson and the chairman of the committees, were available at the annual general meeting held on 24th August, 2006 to answer questions from the shareholders of the Company.

Voting by Poll

The rights to demand a poll were set out in the circular dispatched to the shareholders of the Company during the year. The chairperson of the annual general meeting held on 24th August, 2006 had explained the rights and procedures to demand a poll.

AUDITOR'S REMUNERATION

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

Service rendered	Fee paid/payable HK\$'000
Audit services	3,507

INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS 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 25 to 70, which comprise the consolidated balance sheet as at 31st March, 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to 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

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, 2007 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
18th July, 2007

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Revenue	6	1,310,007	345,796
Cost of sales		(38,393)	(9,816)
Direct operating expenses		(214,812)	(83,911)
Gross profit		1,056,802	252,069
Fair value change in investment properties		171,100	392,368
Other income		10,674	9,882
Selling and marketing expenses		(517,306)	(119,923)
Administrative expenses		(231,392)	(113,159)
Finance costs	8	(46,658)	(11,084)
Profit before taxation	9	443,220	410,153
Taxation	11	(34,102)	(51,886)
Profit for the year		409,118	358,267
Attributable to:			
Equity holders of the Company		272,493	166,794
Minority interests		136,625	191,473
		409,118	358,267
Dividends	12		
– Interim paid		37,151	9,288
– Final paid		18,575	–
		55,726	9,288
– Final proposed		74,302	18,575
Earnings per share	13		
– Basic		HK\$0.29	HK\$0.18
– Diluted		HK\$0.29	HK\$0.18

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Investment properties	14	681,200	510,100
Property, plant and equipment	15	986,217	1,008,022
Prepaid lease payments	16	307,640	313,453
Property under development	17	485,671	326,699
Deposits made on acquisition of property, plant and equipment		2,288	16,369
Goodwill	19	18,301	18,301
		2,481,317	2,192,944
Current assets			
Inventories, at cost		4,046	3,147
Trade and other receivables	20	494,647	323,784
Prepaid lease payments	16	7,619	7,571
Amount due from a related company	21	968	11,347
Bank balances and cash	22	216,442	163,903
		723,722	509,752
Current liabilities			
Trade and other payables	23	404,776	223,354
Amounts due to related companies	24	103,906	144,901
Amounts due to minority shareholders of a subsidiary	25	125,720	–
Taxation payable		18,130	4,870
Secured bank borrowings – amounts due within one year	26	39,845	37,046
		692,377	410,171
Net current assets		31,345	99,581
Total assets less current liabilities		2,512,662	2,292,525
Non-current liabilities			
Amounts due to minority shareholders of a subsidiary	25	328,492	479,296
Secured bank borrowings – amounts due after one year	26	213,031	251,519
Deferred taxation	27	73,459	52,617
		614,982	783,432
Net assets		1,897,680	1,509,093

CONSOLIDATED BALANCE SHEET

At 31st March, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Capital and reserves			
Share capital	28	93	93
Reserves	30	1,459,130	1,227,352
Equity attributable to equity holders of the Company		1,459,223	1,227,445
Minority interests	31	438,457	281,648
Total equity		1,897,680	1,509,093

The consolidated financial statements on pages 25 to 70 were approved and authorised for issue by the Board of Directors on 18th July, 2007 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, 2007

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000 (note 30(a))	Share option reserve HK\$'000	Legal reserve HK\$'000 (note 30(b))	Translation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
At 1st April, 2005	93	1,254,982	666	514,191	-	-	6,175	(719,077)	1,057,030	20,626	1,077,656
Exchange difference arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	8,945	-	8,945	-	8,945
Profit for the year	-	-	-	-	-	-	-	166,794	166,794	191,473	358,267
Total recognised income for the year	-	-	-	-	-	-	8,945	166,794	175,739	191,473	367,212
Cancellation of share premium account (note 30(c))	-	(1,254,982)	-	543,432	-	-	-	711,550	-	-	-
Capital contribution from minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	31	31
Capital contribution arising from fair value adjustment on amounts due to minority shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	69,525	69,525
Recognition of equity-settled share-based payment	-	-	-	-	3,964	-	-	-	3,964	-	3,964
Arising on acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	(7)	(7)
Transfer from accumulated profits to legal reserve	-	-	-	-	-	44	-	(44)	-	-	-
2006 interim dividend paid in cash	-	-	-	(9,288)	-	-	-	-	(9,288)	-	(9,288)
At 31st March, 2006 and 1st April, 2006	93	-	666	1,048,335	3,964	44	15,120	159,223	1,227,445	281,648	1,509,093
Exchange difference arising on translation of foreign operations recognised directly in equity	-	-	-	-	-	-	15,011	-	15,011	-	15,011
Profit for the year	-	-	-	-	-	-	-	272,493	272,493	136,625	409,118
Total recognised income for the year	-	-	-	-	-	-	15,011	272,493	287,504	136,625	424,129
Capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary (note 25)	-	-	-	-	-	-	-	-	-	41,103	41,103
Adjustment to capital contribution initially recognised resulting from change in terms (note 25)	-	-	-	-	-	-	-	-	-	(20,919)	(20,919)
2006 final dividend paid in cash	-	-	-	(18,575)	-	-	-	-	(18,575)	-	(18,575)
2007 interim dividend paid in cash	-	-	-	(37,151)	-	-	-	-	(37,151)	-	(37,151)
At 31st March, 2007	93	-	666	992,609	3,964	44	30,131	431,716	1,459,223	438,457	1,897,680

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	NOTE	2007 HK\$'000	2006 HK\$'000
Cash flows from operating activities			
Profit before taxation		443,220	410,153
Adjustments for:			
Interest income		(5,401)	(2,438)
Interest expenses		28,637	2,677
Imputed interest expense		18,021	8,407
Depreciation of property, plant and equipment		72,644	21,876
Allowance for bad and doubtful debts		9,578	–
Release of prepaid lease payments		6,465	1,616
Share option expense		–	3,964
Write-off of property, plant and equipment		–	20
Fair value change in investment properties		(171,100)	(392,368)
Gain on disposal of property, plant and equipment		(350)	–
Negative goodwill credited to the consolidated income statement		–	(63)
<hr/>			
Operating cash flows before movements in working capital		401,714	53,844
Increase in inventories		(899)	(1,908)
Increase in trade and other receivables		(180,335)	(318,814)
Decrease (increase) in amount due from a related company		10,379	(10,201)
Increase in trade and other payables		55,250	208,742
(Decrease) increase in amounts due to related companies		(4,590)	6,581
<hr/>			
Net cash generated from (used in) operations		281,519	(61,756)
PRC Enterprise Income Tax refunded		–	68
<hr/>			
Net cash generated from (used in) operating activities		281,519	(61,688)
<hr/>			
Cash flows from investing activities			
Interest received		5,401	2,438
Additions to property, plant and equipment		(50,832)	(1,048,340)
Additions to property under development		(3,371)	–
Deposits made for acquisition of property, plant and equipment		(2,288)	(11,470)
Proceeds on disposal of property, plant and equipment		1,467	–
Acquisition of subsidiaries (net of cash and cash equivalents acquired)	32	–	72
Additional costs incurred on other assets		–	(7,499)
<hr/>			
Net cash used in investing activities		(49,623)	(1,064,799)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2007

	2007 HK\$'000	2006 HK\$'000
Cash flows from financing activities		
Dividends paid	(55,726)	(9,288)
(Repayment to) advances from related companies	(36,405)	120,301
Repayments of bank loans	(35,689)	(11,435)
Interest paid	(27,477)	(5,197)
(Repayment to) advances from minority shareholders of a subsidiary	(24,081)	370,000
Bank loans raised	–	300,000
Capital contribution from minority shareholders of a subsidiary	–	31
	<hr/>	<hr/>
Net cash (used in) generated from financing activities	(179,378)	764,412
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	52,518	(362,075)
Cash and cash equivalents at beginning of the year	163,903	525,961
Effect of foreign exchange rate changes	21	17
	<hr/>	<hr/>
Cash and cash equivalents at end of the year		
Bank balances and cash	216,442	163,903
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

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 address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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 37.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRS”s), Hong Kong Accounting Standards (“HKAS”) and Interpretation (“INT”) (hereinafter collectively “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning on 1st April, 2006. 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, amendment or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions ⁶
HK(IFRIC) – INT 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st January, 2009.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.

⁵ Effective for annual periods beginning on or after 1st November, 2006.

⁶ Effective for annual periods beginning on or after 1st March, 2007.

⁷ Effective for annual periods beginning on or after 1st January, 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs 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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties which are measured at revalued amounts and certain financial instruments which are adjusted for fair value at initial recognition, as explained in the principal accounting policies set out below .

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year. Control is achieved where the Company has the power to govern 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 income statement from the effective date of acquisition or 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 company transactions and balances within the Group have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisition of additional interests of subsidiaries that do not result in change in control do not fall within the definition of business combination under HKFRS 3. The excess of the cost of acquisition over the carrying amount of assets and liabilities of the subsidiary attributable to the additional interest acquired is recognised as goodwill.

Goodwill

Goodwill arising on an acquisition of a subsidiary for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the relevant subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment loss.

Capitalised goodwill arising on an acquisition of a subsidiary is presented separately in the consolidated balance sheet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units ("CGU"s), or groups of CGUs, that are expected to benefit from the synergies of the acquisition. A CGU to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, 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 the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Investment properties

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from the disposal. 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 the consolidated income statement in the year in which the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss.

Depreciation is provided to write off the cost of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual value, using the straight line method.

Property under development being constructed or developed for future use as owner-occupied property or investment property are stated at cost less any identified impairment loss. Cost comprises the cost of acquisition of the property under development together with direct costs attributable to the development of the property and borrowing costs capitalised during the period of development upon completion.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Impairment of assets (other than goodwill)

At each balance sheet date, 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. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) 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 (CGU) is increased to the revised estimate of its recoverable amount, 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 (CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet 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.

Financial assets

The Group's financial assets are mainly classified into loans and receivables. The accounting policies adopted in respect of loans and receivables are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables, amount due from a related company and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment loss. 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 assets' carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed that the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group 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. The accounting policies adopted for financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related companies, amounts due to minority shareholders of a subsidiary and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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, 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 directly 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.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for revenue earned in the normal course of business and includes the following items:

Revenue arising from services provided for gaming operations is recognised when the relevant services have been rendered and the Group is entitled to the share of gaming wins or losses from the gaming operator.

Revenue from room rental, food and beverage sales and other ancillary services in the hotel and on the cruise are recognised when the relevant services have been rendered.

Rental income represents fixed rental and contingent rental at a percentage of net profit generated by the lessee. Contingent rental is recognised as income in the periods in which it is earned. Fixed rental is recognised as income on a straight line basis over the terms of the relevant leases.

Service income is recognised when the services have been rendered.

Interest income from 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 exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

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

The taxation currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement 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 and deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred taxation is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred taxation liabilities are generally recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable profits will be available against which 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.

The carrying amount of deferred taxation assets is reviewed at each balance sheet date 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 taxation is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is charged or credited to the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

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 its 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 each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 translation 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 differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing as at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payment transactions

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 share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Operating leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the lessees.

All other leases are classified as operating leases and the annual rental receipts or payments are credited or charged to the consolidated income statement on a straight line basis over the term of the relevant leases.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, leasehold land which title is not expected to pass to the lessee by the end of the lease term is classified as operating lease unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease.

Retirement benefit costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

4. CRITICAL ACCOUNTING JUDGEMENTS AND 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 the following 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 as at the balance sheet date, 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.

Estimates of repayment of amounts due to minority shareholders of a subsidiary

The Group's carrying amount of the interest-free portion of the amounts due to minority shareholders of a subsidiary as at 31st March, 2007 was approximately HK\$377,133,000. According to the shareholders' agreements, these amounts are repayable only when the indirectly non-wholly owned subsidiary, Luck United Holdings Limited, 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. As at 31st March, 2007, the Group revised its estimates of repayments of the amounts due to minority shareholders of a subsidiary and the Group adjusted the carrying amount of the amounts due to minority shareholders of a subsidiary to reflect 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 approximately HK\$41,103,000 being adjusted to the carrying amount of minority interests in current year. The change in estimated cash flows will have significant impact on the carrying amount of the amounts due to minority shareholders of a subsidiary.

Depreciation and amortisation

The Group's carrying amount of hotel property as at 31st March, 2007 was approximately HK\$542,161,000. The Group depreciates the hotel property over its estimated useful life using the straight line method, commencing from the date which the hotel property is ready for intended use. The estimated useful life of the hotel property reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's hotel property.

Estimated impairment of goodwill

In note 19, determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

5. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a related company, bank balances and cash, trade and other payables, amounts due to related companies, amounts due to minority shareholders of a subsidiary and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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

(i) Currency risk

Several subsidiaries of the Company have foreign currency sales, which expose the Group to foreign currency risk. Certain trade and other receivables, trade and other payables, and bank balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

(ii) Cash flow interest rate risk

The Group is exposed to the cash flow interest rate risk through the impact of rate changes on interest bearing financial asset and financial liability which relates to its bank balances and variable-rate bank borrowings. The Group currently does not have any 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.

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, 2007 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group 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 each balance sheet date 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.

Credit risk is concentrated as a substantial portion of its revenue is generated from a few customers. However, the management closely monitors the recoverable amount of each individual trade debt, and there is no significant credit risk.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

5. FINANCIAL INSTRUMENTS (Continued)

Fair values

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. REVENUE

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

Hotel and gaming operations

	2007 HK\$'000	2006 HK\$'000
Service income from VIP room	654,884	117,541
Service income from mass market	197,969	34,993
Service income from slot machine hall	42,262	6,098
Hotel room rental income	71,489	12,732
Marketing and promotion income	106,821	16,766
Food and beverage sales	58,311	8,605
Rental income from investment properties	44,272	9,026
Others	10,681	2,140
	1,186,689	207,901

Cruise and cruise-related operations

Rental income from gaming hall	120,966	135,019
Food and beverage sales	965	1,217
Room rental income	364	433
Others	1,023	1,226
	123,318	137,895
	1,310,007	345,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

7. 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. Analysis of the Group's business and geographical segmental information are as follows:

Business segments

	2007					Total HK\$'000
	Hotel and gaming operations HK\$'000	Cruise and cruise-related operations HK\$'000	Property sales and development HK\$'000	Total of all segments HK\$'000	Unallocated corporate items HK\$'000	
REVENUE	1,186,689	123,318	-	1,310,007	-	1,310,007
RESULTS						
Segment results	463,486	34,945	(4,053)	494,378	(9,901)	484,477
Interest income	-	-	-	-	5,401	5,401
Finance costs	(30,100)	-	-	(30,100)	(16,558)	(46,658)
Profit before taxation						443,220
Taxation						(34,102)
Profit for the year						409,118
BALANCE SHEET						
Assets						
Segment assets	2,305,783	133,989	548,169	2,987,941	217,098	3,205,039
Liabilities						
Segment liabilities	254,270	7,440	141,738	403,448	19,458	422,906
Amounts due to related companies	68,026	-	-	68,026	35,880	103,906
Amounts due to minority shareholders of a subsidiary	454,212	-	-	454,212	-	454,212
Deferred taxation						73,459
Unallocated corporate liabilities						252,876
						1,307,359
OTHER INFORMATION						
Additions to property under development and property, plant and equipment	49,367	2,341	145,030	196,738	-	196,738
Allowance for bad and doubtful debts	9,578	-	-	9,578	-	9,578
Release of prepaid lease payments	6,465	-	-	6,465	-	6,465
Depreciation of property, plant and equipment	65,912	6,702	30	72,644	-	72,644

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

7. SEGMENT INFORMATION (Continued)

Business segments (Continued)

	2006					
	Hotel and gaming operations HK\$'000	Cruise and cruise-related operations HK\$'000	Property sales and development HK\$'000	Total of all segments HK\$'000	Unallocated corporate items HK\$'000	Total HK\$'000
REVENUE	207,901	137,895	-	345,796	-	345,796
RESULTS						
Segment results	386,466	49,382	(2,561)	433,287	(14,488)	418,799
Interest income	-	-	-	-	2,438	2,438
Finance costs	(5,368)	-	-	(5,368)	(5,716)	(11,084)
Profit before taxation						410,153
Taxation						(51,886)
Profit for the year						358,267
BALANCE SHEET						
Assets						
Segment assets	1,999,333	150,818	388,150	2,538,301	164,395	2,702,696
Liabilities						
Segment liabilities	216,656	6,057	143	222,856	498	223,354
Amounts due to related companies	76,863	242	-	77,105	67,796	144,901
Amounts due to minority shareholders of a subsidiary	479,296	-	-	479,296	-	479,296
Deferred taxation						52,617
Unallocated corporate liabilities						293,435
						1,193,603
OTHER INFORMATION						
Additions to property under development, property, plant and equipment, prepaid lease payments and other assets	1,246,000	6,596	-	1,252,596	-	1,252,596
Release of prepaid lease payments	1,616	-	-	1,616	-	1,616
Depreciation of property, plant and equipment	15,921	5,936	19	21,876	-	21,876
Write-off of property, plant and equipment	-	4	16	20	-	20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

7. SEGMENT INFORMATION (Continued)

Geographical segments

	Revenue	
	2007 HK\$'000	2006 HK\$'000
Macau	1,186,689	207,901
International waters	120,966	135,019
Hong Kong	2,352	2,876
	1,310,007	345,796

	Carrying amount of segment assets		Additions to property under development, property, plant and equipment, prepaid lease payments and other assets	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Macau	2,516,967	2,159,394	49,367	1,246,000
Mainland China	551,337	388,633	145,030	–
Hong Kong	7,024	8,449	540	2,187
Other Asia Pacific areas, including international waters	129,511	146,019	1,801	4,409
Other areas	200	201	–	–
	3,205,039	2,702,696	196,738	1,252,596

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

8. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interests on:		
– bank borrowings not wholly repayable within five years	14,201	4,251
– amount due to a related company	2,357	1,015
– amounts due to minority shareholders of a subsidiary	12,079	–
Imputed interest expense on amounts due to minority shareholders of a subsidiary	18,021	19,898
Total borrowing costs	46,658	25,164
Add: Bank charges	–	450
Less: Interests and bank charges included in the cost of qualified assets	–	(14,530)
	46,658	11,084

Borrowing costs included in the cost of qualifying assets during 2006 arose on the general borrowing pool and were calculated by applying a capitalisation of 3.6% to expenditure on such assets.

9. PROFIT BEFORE TAXATION

	2007 HK\$'000	2006 HK\$'000
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts	9,578	–
Auditors' remuneration	3,507	2,442
Depreciation of property, plant and equipment	72,644	21,876
Release of prepaid lease payments	6,465	1,616
Staff costs, including directors' remuneration and retirement benefit scheme contributions (note 10)	149,089	77,622
Write-off of property, plant and equipment	–	20
and after crediting:		
Gain on disposal of property, plant and equipment	350	–
Interest income from bank deposits	5,401	2,438
Negative goodwill credited to the consolidated income statement	–	63

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

10. 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	
2007									
Fees	-	100	100	100	100	100	54	554	
Other emoluments									
Salaries and other benefits	-	-	-	-	-	-	-	-	
Performance related incentive payment (note)	-	-	2,830	-	-	-	-	2,830	
	<u>-</u>	<u>100</u>	<u>2,930</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>54</u>	<u>3,384</u>	
	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	Mr. Lam San Keung HK\$'000	Total HK\$'000
2006									
Fees	-	100	100	100	100	95	-	148	643
Other emoluments									
Salaries and other benefits	-	-	-	-	-	-	-	-	-
Performance related incentive payment (note)	-	-	372	-	-	-	-	-	372
Share-based payments	-	1,982	1,982	-	-	-	-	-	3,964
	<u>-</u>	<u>2,082</u>	<u>2,454</u>	<u>100</u>	<u>100</u>	<u>95</u>	<u>-</u>	<u>148</u>	<u>4,979</u>

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

(ii) Employees' emoluments

During the year, the five highest paid individuals included one director (2006: two directors). The total emoluments of the remaining four (2006: three) highest paid individuals were as follows:

	2007 HK\$'000	2006 HK\$'000
Salaries and other benefits	4,268	2,570
Bonuses	13,665	2,325
	<u>17,933</u>	<u>4,895</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(ii) Employees' emoluments (Continued)

	Number of individuals	
	2007	2006
Emoluments of the employees were within the following bands:		
HK\$1,000,001 – HK\$1,500,000	3	2
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$14,00,001 – HK\$14,500,000	1	–

In 2006, a non-refundable amount of HK\$350,000 was recognised which amount was paid by the Group to one of the five highest paid individuals (including directors) as an inducement to join the Group. 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 People's Republic of China (the "PRC") were members of state-managed retirement benefit schemes operated by the Macau and the PRC governments. The Group was required to contribute a certain percentage of its payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme was to make the required contributions under the scheme.

During the year, the retirement benefit scheme contributions were approximately HK\$441,000 (2006: HK\$396,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

11. TAXATION

	2007 HK\$'000	2006 HK\$'000
The charge comprises:		
Macau Complimentary Income Tax		
– current year	15,865	4,870
– overprovision in prior year	(2,605)	–
	13,260	4,870
PRC Enterprise Income Tax		
– overprovision in prior year	–	(68)
Deferred taxation (<i>note 27</i>)	20,842	47,084
	34,102	51,886

The Macau Complimentary Income Tax is calculated progressively at a maximum of 12% of the estimated assessable profits for the year. The PRC Enterprise Income Tax is calculated at the rates prevailing in the PRC.

No provision for Hong Kong Profits Tax has 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 income statement as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before taxation	443,220	410,153
Tax charge at the Macau Complimentary Income Tax rate of 12% (2006: 12%)	53,186	49,218
Tax effect of expenses that are not deductible for tax purpose	24,616	13,501
Tax effect of income that is not taxable for tax purpose	(43,677)	(16,587)
Tax effect of tax losses not recognised	6,314	5,894
Tax effect of utilisation of tax losses not previously recognised	(4,033)	–
Overprovision in prior year	(2,605)	(25)
Effect of different tax rates of subsidiaries operating in other jurisdictions	–	(43)
Others	301	(72)
Taxation for the year	34,102	51,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

12. DIVIDENDS

	2007 HK\$'000	2006 HK\$'000
Dividends recognised as distribution during the year:		
Interim paid: HK4.0 cents per share (2006: HK1.0 cent per share)	37,151	9,288
Final paid: HK2.0 cents per share (2006: nil)	18,575	–
	55,726	9,288

The Board of Directors proposed the payment of final dividend of HK8.0 cents per share (2006: HK2.0 cents per share) for the year ended 31st March, 2007 and is subject to approval by the shareholders in the forthcoming annual general meeting.

13. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share are as follows:

	2007 HK\$'000	2006 HK\$'000
Earnings attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	272,493	166,794
Number of shares		
	2007	2006
Number of shares for the purpose of calculating basic earnings per share	928,771,980	928,771,980
Effect of dilutive potential shares – share options (note)	–	616,303
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	928,771,980	929,388,283

Note: No effect of dilutive potential shares in respect of the share options is resulted in current year as the exercise price of the Company's share option is higher than the average market price of the Company's share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

14. INVESTMENT PROPERTIES

	2007	2006
	HK\$'000	HK\$'000
FAIR VALUE		
At the beginning of the year	510,100	–
Transfer from property, plant and equipment	–	117,732
Fair value change	171,100	392,368
	<hr/> 681,200	<hr/> 510,100
At the end of the year		

The investment properties are situated in Macau and held under medium-term leases. The Group's property interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the investment properties as at 31st March, 2007 has been arrived at on the basis of a valuation carried out at that date by Savills Consultancy Limited, an independent firm of professional property valuers not connected with the Group. Savills Consultancy Limited has appropriate qualification and recent experiences in the valuation of similar properties in the relevant locations, on an open market value basis. The valuation, which conforms to Hong Kong Institute of Surveyors Valuation Standards on Properties, was arrived at by reference to market evidence of transaction prices for similar properties.

Details of the investment properties as at 31st March, 2007 are set out on page 72.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel property	Buildings	Leasehold improvement	Furniture, fixtures and equipment	Plant and machinery	Motor vehicles	Vessel	Others	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST										
At 1st April, 2005	-	-	151	1,010	-	469	133,156	-	-	134,786
Currency realignment	-	-	1	4	-	13	-	-	-	18
Acquired on acquisition of a subsidiary	-	-	-	-	-	-	-	-	367,568	367,568
Transfer from other assets	-	-	-	-	-	-	-	-	34,881	34,881
Additions	-	-	20,537	212,196	94,362	780	-	9,711	274,344	611,930
Transfer	559,061	-	-	-	-	-	-	-	(559,061)	-
Transfer to investment properties	-	-	-	-	-	-	-	-	(117,732)	(117,732)
Disposals	-	-	-	(165)	-	-	-	-	-	(165)
At 31st March, 2006	559,061	-	20,689	213,045	94,362	1,262	133,156	9,711	-	1,031,286
Currency realignment	-	-	2	3	-	8	-	-	-	13
Additions	784	24,336	5,291	11,528	8,314	1,438	-	261	-	51,952
Disposals	-	-	(1,068)	-	-	(490)	-	-	-	(1,558)
At 31st March, 2007	559,845	24,336	24,914	224,576	102,676	2,218	133,156	9,972	-	1,081,693
DEPRECIATION										
At 1st April, 2005	-	-	4	176	-	422	917	-	-	1,519
Currency realignment	-	-	-	3	-	11	-	-	-	14
Provided for the year	3,484	-	634	9,162	2,515	91	5,504	486	-	21,876
Eliminated on disposal	-	-	-	(145)	-	-	-	-	-	(145)
At 31st March, 2006	3,484	-	638	9,196	2,515	524	6,421	486	-	23,264
Currency realignment	-	-	1	1	-	7	-	-	-	9
Provided for the year	14,200	558	2,456	36,641	11,064	240	5,504	1,981	-	72,644
Eliminated on disposals	-	-	-	-	-	(441)	-	-	-	(441)
At 31st March, 2007	17,684	558	3,095	45,838	13,579	330	11,925	2,467	-	95,476
CARRYING AMOUNT										
At 31st March, 2007	542,161	23,778	21,819	178,738	89,097	1,888	121,231	7,505	-	986,217
At 31st March, 2006	555,577	-	20,051	203,849	91,847	738	126,735	9,225	-	1,008,022

During 2006, the Group acquired a subsidiary which owned a property in Macau. The construction work of the property was completed in that year and was partly transferred to investment properties and partly to property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Hotel property	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Buildings	2.5%
Leasehold improvement	10 – 20%
Furniture, fixtures and equipment	10 – 20%
Plant and machinery	10 – 20%
Motor vehicles	20%
Vessel	5%
Others	20%

The hotel property and buildings are located in Macau.

The gaming hall in the vessel is leased to earn rentals.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2007	2006
	HK\$'000	HK\$'000
Leasehold land in Macau under medium-term lease	272,048	278,513
Leasehold land in the PRC under medium-term lease	43,211	42,511
	315,259	321,024
Analysed for reporting purposes as follows:		
Non-current	307,640	313,453
Current	7,619	7,571
	315,259	321,024

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

17. PROPERTY UNDER DEVELOPMENT

	HK\$'000
At 1st April, 2005	317,819
Currency realignment	7,774
Release of prepaid lease payments capitalised	1,106
	<hr/>
At 31st March, 2006	326,699
Currency realignment	13,031
Additions	144,786
Release of prepaid lease payments capitalised	1,155
	<hr/>
At 31st March, 2007	485,671

The property under development is situated in the PRC and is held under a Certificate of Real Estate Ownership (the "Land") for a term from 9th August, 1994 to 8th September, 2050. Included in property under development as at 31st March, 2007 is net interest capitalised of approximately HK\$21,372,000 (2006: HK\$21,372,000). No further interest was capitalised in 2006 and 2007.

On 26th May, 2004, the Group entered into a joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao 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 ("Put Option"). 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) (the option period will be the only restriction for the Group to exercise its right under the Put Option).

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 payment of more than RMB10,000,000 for more than 3 months. In view of the JV Partner's failure to do so, the Group had commenced legal proceedings against the JV Partner in Shanghai, the PRC for termination of the JV Agreement and forfeiture of the JV Partner's contribution. Details of which are set out in note 35(a). The Group had also assumed the legal obligation to settle the outstanding payments relating to the Project. As a result, the Group had paid and accrued a total amount of approximately HK\$144,786,000 in relation to the Project as property under development for the year.

Details of the property under development as at 31st March, 2007 are set out on page 72.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

18. OTHER ASSETS

	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	–	27,382
Additions	–	7,499
Transfer to property, plant and equipment	–	(34,881)
	<hr/>	<hr/>
At the end of the year	–	–

On 3rd November, 2004, the Group signed an agreement which indirectly enabled the Group to acquire a property in Macau and the agreement was completed in May 2005. Details of which were set out in a circular to the shareholders of the Company dated 10th December, 2004. Other assets represented the renovation costs incurred on the property from 3rd November, 2004 up to 3rd May, 2005. The amount had been transferred to property, plant and equipment on the completion date.

19. GOODWILL

	HK\$'000
COST	
At 1st April, 2005, 31st March, 2006 and 31st March, 2007	<hr/> 18,301

As at 31st March, 2006 and 31st March, 2007, the carrying amount of goodwill had been allocated to the CGU for the property sales and development.

The recoverable amount of the CGU is determined from value in use calculations. The value in use calculations use cash flow projections based on financial budgets prepared by the management. The key assumptions for the value in use calculations are those regarding the discount rates, growth in revenue and direct costs during the period. The management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU.

The Group prepares cashflow forecasts derived from the most recent financial budgets approved by the management for the next five years at a discount rate of 5% and the cash flows beyond the 5-year period are extrapolated using a steady 5% growth rate.

During the year, the Group performed impairment review for goodwill and considered no impairment loss was necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

20. TRADE AND OTHER RECEIVABLES

The Group allows credit periods of up to 60 days to its trade customers. An aged analysis of the Group's trade receivables as at the balance sheet date is set out below:

	2007	2006
	HK\$'000	HK\$'000
0 – 30 days	318,640	185,121
31 – 60 days	36,048	7,575
61 – 90 days	931	4,844
91 – 180 days	3,619	–
Over 180 days	12	–
	359,250	197,540
Chips on hand	108,292	102,816
Other receivables	27,105	23,428
	494,647	323,784

Chips on hand represent chips issued by a gaming concessionaire in Macau. The directors of the Company consider that the carrying amount of trade and other receivables approximates its fair value.

21. AMOUNT DUE FROM A RELATED COMPANY

Particulars of the amount due from a related company are as follows:

Name of related company	Balance as at 31st March, 2007 HK\$'000	Balance as at 1st April, 2006 HK\$'000	Maximum amount outstanding during the year HK\$'000
Coprosp Investments Limited (<i>note</i>)	968	11,347	11,347

The amount is unsecured, interest-free and repayable on demand.

Note: Coprosp Investments Limited was 28% held by Redmond Nominees Limited, a company wholly owned by Mr. Yeung Sau Shing, Albert ("Mr. Albert Yeung"), a deemed substantial shareholder of the Company.

The directors of the Company consider that the carrying amount of amount due from a related company approximates its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

22. BANK BALANCES AND CASH

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 in average 3.9% (2006: 1.9%) per annum.

The directors of the Company consider that the carrying amount of bank balances and cash approximates its fair value.

23. TRADE AND OTHER PAYABLES

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

	2007	2006
	HK\$'000	HK\$'000
0 – 30 days	59,762	43,243
31 – 60 days	1,172	1,708
61 – 90 days	178	284
91 – 180 days	67	129
	61,179	45,364
Short-term advances	45,000	45,000
Construction payables	173,677	47,511
Other payables	124,920	85,479
	404,776	223,354

Short-term advances are unsecured, interest-free and repayable on demand.

The directors of the Company consider that the carrying amount of trade and other payables approximates its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

24. AMOUNTS DUE TO RELATED COMPANIES

	2007	2006
	HK\$'000	HK\$'000
Interest bearing amount at prevailing market rates ranging from 7.75% to 8% per annum (<i>note (a)</i>)	28,370	66,781
Interest-free amounts (<i>note (a)</i>)	9,501	5,529
Interest-free amounts (<i>note (b)</i>)	66,035	72,591
	103,906	144,901

Notes:

- (a) The amounts are due to subsidiaries of Emperor International Holdings Limited, a substantial shareholder of the Company.
- (b) The amounts are due to companies in which Mr. Albert Yeung has significant influence or is deemed to have significant influence.

The amounts are unsecured and repayable on demand. The directors of the Company consider that the carrying amount of amounts due to related companies approximates its fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

25. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

	2007	2006
	HK\$'000	HK\$'000
Interest-free amounts	377,133	479,296
Interest bearing amounts	77,079	–
	454,212	479,296
Less: Amounts due within one year shown under current liabilities	(125,720)	–
Amounts due after one year	328,492	479,296

As at 31st March, 2006, in accordance with the contractual terms of the shareholders' agreements, the amounts were unsecured and interest-free. 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, which represents cash available in Luck United Holdings Limited, an indirectly non-wholly owned subsidiary 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.

Pursuant to the directors' meeting of Luck United Holdings Limited held on 16th January, 2007, it was resolved that the terms of a portion of the interest-free shareholders' loans with the principal of HK\$100,000,000 advanced by the minority shareholders pursuant to the directors' meeting held on 8th July, 2005 was changed to be interest bearing at the interest rate equivalent to the prime rate, such interest was accrued from the date of advance at the rate equivalent to the prime rate. During the year, the Group repaid the principal of approximately HK\$24,081,000 to the minority shareholders together with the payment of the interest accrued from the date of advance up to 18th January, 2007 amounted to approximately HK\$10,919,000. The interest accrued from 19th January, 2007 to 31st March, 2007 amounted to approximately HK\$1,160,000 was included in the interest bearing portion of the amounts due to minority shareholders of a subsidiary. The remaining principal of approximately HK\$75,919,000 together with its interest accrued up to the date of repayment were repaid in April 2007. Due to the change of the terms of the shareholders' loans in respect of the principal of HK\$100,000,000, the corresponding capital contribution arising from fair value adjustment on initial recognition of the amounts due to minority shareholders of a subsidiary amounted to approximately HK\$20,919,000 was adjusted to the carrying amount of minority interests in current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

25. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY (Continued)

Apart from the change of the terms of the advances with the principal of HK\$100,000,000, the terms of the remaining advances remain unchanged.

As at 31st March, 2007, the Group revised its estimates of repayments of the amounts due to minority shareholders of a subsidiary and the Group adjusted the carrying amount of the amounts due to minority shareholders of a subsidiary to reflect 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 approximately HK\$41,103,000 being adjusted to the carrying amount of minority interests in current year.

In the opinion of the directors of the Company, the carrying amount of the amounts due to minority shareholders of a subsidiary of approximately HK\$328,492,000 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 approximately HK\$328,492,000 is shown as non-current.

The directors of the Company consider that the fair value of the amounts due to minority shareholders of a subsidiary as at balance sheet date, determined based on the present value of the estimated future cash outflows discounted using the effective interest rate as at the balance sheet date approximates its carrying value.

26. SECURED BANK BORROWINGS

The bank borrowings are repayable as follows:

	2007 HK\$'000	2006 HK\$'000
Within one year or on demand	39,845	37,046
Between one to two years	40,795	39,000
Between two to three years	43,158	41,145
Between three to four years	45,673	43,375
Between four to five years	48,333	45,726
Over five years	35,072	82,273
	252,876	288,565
Less: Amounts due within one year shown under current liabilities	(39,845)	(37,046)
Amounts due after one year	213,031	251,519

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

26. SECURED BANK BORROWINGS (Continued)

The bank borrowings carried interest at Hong Kong Inter-Bank Offer Rate ("HIBOR") plus 1.5% (2006: HIBOR plus 0.85%) ranging from 4.75% to 5.75% (2006: 3.0% to 5.3%) per annum and are secured by certain of the Group's assets. The carrying values of these assets as at the balance sheet date are as follows:

	2007	2006
	HK\$'000	HK\$'000
Hotel property	542,161	555,577
Investment properties	681,200	510,100
Prepaid lease payments	272,048	278,513
	1,495,409	1,344,190

The directors of the Company consider that the carrying amount of bank borrowings approximates its fair value.

27. DEFERRED TAXATION

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

	Accelerated tax depreciation	Development costs capitalised	Fair value change in investment properties	Pre-operating expenses written off	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2005	-	(5,533)	-	-	-	(5,533)
(Charged) credited to the consolidated income statement	(4,872)	-	(47,084)	4,624	248	(47,084)
At 31st March, 2006	(4,872)	(5,533)	(47,084)	4,624	248	(52,617)
(Charged) credited to the consolidated income statement	(340)	-	(20,532)	-	30	(20,842)
At 31st March, 2007	(5,212)	(5,533)	(67,616)	4,624	278	(73,459)

For the purpose of the balance sheet presentation, deferred taxation assets and liabilities have been offset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

27. DEFERRED TAXATION (Continued)

As at 31st March, 2007, the Group had unused tax losses of approximately HK\$235,878,000 (2006: HK\$216,702,000) available for offset against future profits. A deferred taxation asset had been recognised in respect of approximately HK\$1,589,000 (2006: HK\$1,420,000) of such losses. No deferred taxation asset had been recognised in respect of the remaining HK\$234,289,000 (2006: HK\$215,282,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses were losses of approximately HK\$16,313,000 and HK\$3,621,000 (2006: HK\$49,922,000) that would expire in 2009 and 2010 respectively (2006: 2009). Other losses might be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.0001 each at 1st April, 2005, 31st March, 2006 and 31st March, 2007	2,000,000,000,000	200,000
Issued and fully paid:		
Ordinary shares of HK\$0.0001 each at 1st April, 2005, 31st March, 2006 and 31st March, 2007	928,771,980	93

29. 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\$2.2 under the terms of the Scheme. The options were vested immediately at the date of grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

29. SHARE OPTION SCHEME (Continued)

Details of the movements of the Scheme during the year are as follows:

Date of grant	Exercise period	Exercise price HK\$	Outstanding as at 1st April, 2005	Granted during 2006	Outstanding as at 31st March, 2006 and as at 31st March, 2007
11th August, 2005	11th August, 2005 to 10th August, 2015	2.2	–	10,000,000	10,000,000

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

In 2006, the fair values of options granted were calculated using the Black-Scholes – Merton Option Pricing model. The inputs into the model were as follows:

Share price at date of grant	HK\$1.96
Expected volatility	58.43%
Expected life in years	2
Risk free rate	3.707%
Expected dividend yield	Nil

The expected life used in the model had been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restitutions and behavioural considerations.

The fair value of each option was approximately HK\$0.40 at the date of grant.

In 2006, an amount of approximately HK\$3,964,000 was recognised in the consolidated income statement in respect of the value of options granted.

Notes:

- (i) The volatility measured at the standard deviation of expected share price returns was based on a statistical analysis of daily share prices over certain periods preceding the grant date.
- (ii) The above calculation was based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

30. RESERVES

- (a) The contributed surplus of the Group represents 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.
- (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 respectively.
- (c) Pursuant to a special resolution passed by the Company's shareholders in a special general meeting held on 2nd November, 2005, the amount as at 31st March, 2005 standing to the credit of the share premium account of the Company in the sum of approximately HK\$1,254,982,000 was cancelled ("Share Premium Cancellation"). In addition, part of the credit arising from the Share Premium Cancellation was eliminated against the accumulated losses of the Company as at 31st March, 2005 in the sum of approximately HK\$711,550,000 in full and the remaining balance of the credit arising therefrom in the sum of approximately HK\$543,432,000 was credited to the contributed surplus account of the Company.

31. MINORITY INTERESTS

Included in minority interests as at 31st March, 2007 was an imputed interest of approximately HK\$110,786,000 (2006: HK\$90,602,000) arising from certain loans from the minority shareholders of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings (see note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

32. PURCHASE OF SUBSIDIARIES

In May 2005, the Group acquired property, plant and equipment and prepaid lease payments in Macau through acquisition of the entire issued share capital of Pacific Strong Bases (Holding) Company Limited at a consideration of approximately HK\$652,006,000. The acquisition had been recorded as purchase of assets.

In December 2005, the Group acquired 100% of the issued share capital of Emerald Star Properties Limited through an indirectly 90% owned subsidiary, Nova Strategic Limited ("Nova Strategic"), at a consideration of approximately HK\$2,000.

	2006 Book value and fair value HK\$'000
Net assets acquired:	
Bank balances and cash	74
Trade and other payables	(2)
Amounts due to minority shareholders of a subsidiary	(132)
Minority interests	7
	<hr/>
	(53)
Assignment of shareholders' loans	118
Negative goodwill credited to the consolidated income statement	(63)
	<hr/>
Total consideration	2
	<hr/>
Satisfied by:	
Cash	2
	<hr/>
Analysis of net inflow of cash and cash equivalents in connection with the purchase of subsidiaries:	
Cash consideration	(2)
Bank balances and cash acquired	74
	<hr/>
	72
	<hr/>

The subsidiaries acquired in 2006 did not have significant contribution to the Group's revenue and results for that year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

33. COMMITMENTS

	2007 HK\$'000	2006 HK\$'000
Authorised but not contracted for in respect of:		
– property and hotel development projects	2,326	2,246
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property and hotel development projects	386,055	49,356
– property, plant and equipment	–	2,738
	386,055	52,094
	388,381	54,340

34. OPERATING LEASES

The Group as lessee

	2007 HK\$'000	2006 HK\$'000
Operating lease rentals paid and payable for the year in respect of:		
– rented premises	3,979	2,882
– equipment	39	30
	4,018	2,912

As at the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	2007 HK\$'000	2006 HK\$'000
Within one year	2,041	3,139
In the second to fifth years inclusive	2,803	2,098
After five years	41	–
	4,885	5,237

The leases were negotiated for terms ranging from 1 to 3 years and the rentals are pre-determined and fixed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

34. OPERATING LEASES (Continued)

The Group as lessor

	2007 HK\$'000	2006 HK\$'000
Operating lease rentals received and receivable for the year in respect of:		
– premises in the hotel property	44,272	9,026
– gaming hall in the vessel including contingent rentals of approximately HK\$966,000 (2006: HK\$25,519,000)	120,966	135,019
	165,238	144,045

As at the balance sheet date, the Group had contracted with tenants to receive the following future minimum lease payments in respect of the gaming hall in the vessel and the properties, which fall due as follows:

	Premises in the hotel property		Gaming hall in the vessel		Other properties	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Within one year	53,007	38,513	–	120,000	–	276
In the second to fifth years inclusive	165,262	122,266	–	–	–	–
After five years	307,200	216,000	–	–	–	–
	525,469	376,779	–	120,000	–	276

Certain premises in the Group's hotel property have committed tenants for the tenancy ranging from 1 to 14 years and the rentals are pre-determined and fixed. In 2006, the gaming hall in the vessel had committed tenant for 1 year and the rental included a pre-determined fixed portion and a contingent rental based on net profit of the tenant's gaming operation. In 2006, the other properties had committed tenants for the tenancy ranging from 1 to 2 years and the rentals were pre-determined and fixed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

35. CONTINGENT LIABILITIES

- (a) In October 2006, the Group commenced legal proceedings against the JV Partner in Shanghai, the PRC, for termination of the JV Agreement in respect of the Project 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 RMB83,620,000 (equivalent to approximately HK\$84,471,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to approximately HK\$101,017,000) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that the Group had prospects of successful termination of the JV Agreement, in which event the counterclaim of the JV Partner would also not be supported by court, therefore no provision was made by the Group during the year.
- (b) In January 2007, the Group was sued jointly with its contractor for approximately MOP3,453,000 (equivalent to approximately HK\$3,352,000) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Grand Emperor 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 was of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.
- (c) As at 31st March, 2006, the Group had signed construction contracts for the property under development which was situated in the PRC signed on behalf of the JV Partner (see note 17). According to the JV Agreement, the JV Partner would bear the full construction cost. However, the Group had the legal obligations to fulfil the contracts if the JV Partner failed to fulfil its obligations. As at 31st March, 2006, the Group's maximum liability in that arrangement was approximately HK\$431,476,000 which represented contracted amounts but not yet paid by the JV Partner.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

36. RELATED PARTY TRANSACTIONS

- (a) During the year, the Group had the following significant transactions with related parties:

	2007	2006
	HK\$'000	HK\$'000
Advertising expenses to related companies	1,196	503
Commission to Mr. Albert Yeung, a deemed substantial shareholder of the Company, in the capacity of a patron of the Group's VIP room	1,820	1,637
Food and beverage income from a related company	19	348
Interest expense to a related company	2,357	1,015
Management fee expenses to related companies	256	417
Professional fee expenses to related companies	–	1,045
Promotional service fee to Mr. Albert Yeung, a deemed substantial shareholder of the Company	–	6,300
Purchase of property, plant and equipment and merchandising goods from related companies	503	1,487
Rental income from related companies	123,337	135,268
Rental expense to a related company	418	335
Secretarial fee expenses to related companies	320	380
Sharing of administrative expenses from a related company	13,556	12,839

Note: Certain directors, key management personnel and a deemed substantial shareholder of the Company have 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 are set out in note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

37. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company, all of which are indirectly held, as at 31st March, 2007, were 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 %	Principal activities
Asian Glory Limited	Macau	Macau	MOP25,000	45*	Property holding
Big Capital International Limited	British Virgin Islands	Macau	US\$1	45*	Slot machine hall operation
Emperor Entertainment Hotel Management Limited	Macau	Macau	MOP25,000	45*	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\$30,000,000	100	Property development
Great Assets Holdings Limited	British Virgin Islands	Hong Kong	US\$50	90	Investment holding
Harbour Assets Limited	British Virgin Islands	PRC and International waters	US\$1	100	Vessel owner
Keen Million Limited	British Virgin Islands	Macau	US\$1	45*	Mass market operation
Nova Strategic Limited	British Virgin Islands	Macau	US\$100	90	Investment holding
Luck United Holdings Limited ("Luck United")	British Virgin Islands	Macau	US\$10,000	45*	Investment holding
Pacific Strong Bases (Holding) Company Limited	Macau	Macau	MOP500,000	45*	Hotel operation
Precision Faith Limited	Macau	Macau	MOP100,000	90	VIP room management and provision of gaming related marketing and public relation services
Right Achieve Limited	British Virgin Islands	Macau	US\$1	45*	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2007

37. 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
Season Success Investment Limited	Hong Kong	Hong Kong	HK\$1	100	Vessel operation
Super Park Internation Company Limited	Macau	Macau	MOP25,000	45*	Motor vehicle owner

* *These companies are wholly-owned subsidiaries of Luck United. Luck United is regarded as a subsidiary of the Group as the Group has control on the board of directors of Luck United. As stipulated in the shareholders' agreements, Great Assets Holdings Limited, the immediate holding company of Luck United, shall have the right to appoint up to five directors and each of the other four minority shareholders shall have the right to appoint one director to the Board.*

None of the subsidiaries of the Company issued any debt securities as at 31st March, 2007.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the year or formed a substantial portion of the net 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.

38. POST BALANCE SHEET EVENTS

- (a) On 7th May, 2007, Lavergem Holdings Limited, a wholly-owned subsidiary of the Company entered into a conditional sale and purchase agreement with a third party to dispose of the entire interest of Quick Treasure Investments Limited and its subsidiaries (collectively referred to as the "Quick Treasure Group") and the entire shareholder's loan due to the Group by the Quick Treasure Group at a consideration equivalent to the consolidated net asset value of the Quick Treasure Group plus the face value of the entire amount of the shareholder's loan due from the Quick Treasure Group to the Group as at completion of the disposal. The Quick Treasure Group holds the vessel which operates the cruise and cruise-related businesses of the Group. The disposal was completed on 29th June, 2007 at the consideration of approximately HK\$129,028,000 and resulted in a gain of approximately HK\$1,145,000.
- (b) On 12th June, 2007, Courage Wisdom Investment Limited, a wholly-owned subsidiary of the Company entered into a sale and purchase agreement with World Million Profits Limited ("World Million"), a wholly-owned subsidiary of the substantial shareholder of the Company, for acquisition of 10% interest in Nova Strategic and its subsidiaries (collectively referred to as the "Nova Strategic Group") which are currently owned as to 90% by the Group, and the entire shareholder's loan due from Nova Strategic to World Million as at completion at a consideration of not less than HK\$170,783,000. The consideration will be satisfied by the allotment and issue of 104,744,846 shares of the Company at an issue price of HK\$1.63 per share. The balance of the consideration as at the completion will be settled by the parties by way of cash payment. The Nova Strategic Group holds 50% interest in the Grand Emperor Hotel in Macau and manages a VIP hall therein.

FINANCIAL SUMMARY

For the year ended 31st March, 2007

RESULTS

	Year ended 31st March,				
	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Revenue	1,310,007	345,796	18,236	–	31,439
Profit (loss) before taxation	443,220	410,153	17,161	102,291	(585,288)
Taxation	(34,102)	(51,886)	–	(6,941)	(381)
Profit (loss) for the year	409,118	358,267	17,161	95,350	(585,669)
Attributable to:					
Equity holders of the Company	272,493	166,794	17,596	86,382	(598,266)
Minority interests	136,625	191,473	(435)	8,968	12,597
	409,118	358,267	17,161	95,350	(585,669)

ASSETS AND LIABILITIES

	At 31st March,				
	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Total assets	3,205,039	2,702,696	1,274,202	400,943	302,900
Total liabilities	(1,307,359)	(1,193,603)	(217,623)	(50,439)	(47,616)
Net assets	1,897,680	1,509,093	1,056,579	350,504	255,284
Attributable to:					
Equity holders of the Company	1,459,223	1,227,445	1,057,030	348,579	262,315
Minority interests	438,457	281,648	(451)	1,925	(7,031)
	1,897,680	1,509,093	1,056,579	350,504	255,284

SUMMARY OF PROPERTIES

At 31st March, 2007

Particulars of the Group's investment properties and property under development as at 31st March, 2007, were as follows:

INVESTMENT PROPERTIES

	Location	Purpose	Floor area sq. ft.	The Group's interest %
1.	Shops of Ground Floor of the Grand Emperor Hotel, Macau	Commercial	3,112	45
2.	Rooms 3, 5 and 1/2 common area of 5th Floor and 6th Floor of the Grand Emperor Hotel, Macau	Commercial	38,904	45
3.	Room 10 and 1/4 common area of 7th Floor of the Grand Emperor Hotel, Macau	Vacant	5,772	45
4.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	45
5.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	45

PROPERTY UNDER DEVELOPMENT

Location	Purpose	Site area sq. ft.	Estimated gross floor area sq. ft.	Stage of completion	Estimated completion date	The Group's interest %	Term of the land use right
Emperor Star City, a site located at 548 Yu Yuan Jie Dao Fang 11/1 Qiu Huangpu District Shanghai, the PRC (note (a))	Commercial complex	246,173	1,300,076 (inclusive of 3 storeys basement)	Basement and foundation work in progress	In 2009	100	From 9th August, 1994 to 8th September, 2050 (note (b))

Notes:

- (a) The property was originally known as Yuyuan located at Land Plot 33-II, South Henan Road, Nanshi District, Shanghai, the PRC. Pursuant to the order of the Shanghai Municipal Government made in July 2000, the property has been renamed as the above.
- (b) Term of the land use right is extracted from the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Huang Ei (2006) Di 007382 issued by Shanghai Housing and Land Resources Administration Bureau dated 10th November, 2006.