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

2008/2009

Contents

Corporate 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

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

REGISTRAR (in Hong Kong)

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

BANKERS

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

WEBSITE

http://www.emp296.com

STOCK CODE

296

Financial Highlights

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

Chairperson's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") principally engages in provision of entertainment and hospitality services in Macau. The year under review had encountered a global credit crunch and downturn. The financial market uncertainty and a weakening economy had hampered the growth of gaming industry in Macau. A tightening visa policy by the government of The People's Republic of China (the "PRC") has also led to a drop in the number of Mainland visitors going to Macau. The total number of visitors to Macau during the year ended 31st March, 2009 (the "Year") amounted to 22.3 million, 16.3% lower than the same period a year ago. Average length of stay in Macau by visitors remained relatively short at less than 1.5 nights. These all had an adverse impact on the general entertainment and hospitality market.

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

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

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

Business Review

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

Hotel and Gaming Operations

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

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

MANAGEMENT DISCUSSION AND ANALYSIS – *continued*

Business Review – *continued*

Gaming Revenue

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

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

Gaming Concourse

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

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

Slot Machines

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

VIP Rooms

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

Chairperson's Statement

MANAGEMENT DISCUSSION AND ANALYSIS – *continued*

Business Review – *continued*

Non-gaming Revenue

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

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

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

Property Development

This segment recorded no revenue during the Year, as its property project in Shanghai remained under development. Located in Yu Yuan, Shanghai, the property will be developed into a shopping arcade and hotel/service apartment complex on a 22,870 square-metre prime site. The main body of the complex will be a multi-storey shopping arcade, and the entire project is expected to have a floor area of more than 110,000 square metres. A new Shanghai M10 subway route will be adjacent to the subject site. The segment did not record any significant contribution for the Year.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS – *continued*

Business Review – *continued*

Outlook

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

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

Capital Structure, Liquidity and Financial Resources

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

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

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

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

Pledge of Assets

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

MANAGEMENT DISCUSSION AND ANALYSIS – *continued*

Commitments and Contingencies

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

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

In January 2007, the Group was sued jointly with its contractor for approximately MOP3.5 million (equivalent to approximately HK$3.4 million) for injuries suffered by a third party in an accident happened in 2005 in the premises of the Hotel when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

Employees and Remuneration Policy

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

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

CORPORATE SOCIAL RESPONSIBILITIES

The Grand Emperor Hotel has put in effort to serve the community through various charity activities during the Year. Following the Sichuan earthquake in May 2008, the employees of the Hotel and other parties made donations as solicited by Emperor Foundation of over HK$18 million in aggregate. Later in September 2008, employees of the Hotel had participated in a friendship tour of nearly 100 volunteers to visit Leigu County, a quake devastated area in Sichuan.

In October 2008, staff of the Hotel had visited "Caritas de Macau – Lar De Nossa Senhora Da Penha Residential Home", a children centre which provides care and training for abandoned children with severe physical and mental disabilities, and helped renovating its dining room and organised a party for the children, all at the Hotel's own expenses. The staff also raised HK$50,000 to furnish the centre with air-conditioning facilities.

In November 2008, the Hotel participated in the "Sedan Chair Race", held by Matilda International Hospital, to raise fund for small-scale charities, and the team had won the "The Joyce Smith Founders Trophy". The Hotel also joined "Walk For A Million 2008" organised by the Charity Fund from the Readers of Macao Daily News in December 2008.

The Hotel's effort in protecting the environment was also acknowledged. It won the "2008 Macao Green Hotel Award" from the Environment Council of Macau and Macau Government Tourist Office. The award recognised the Hotel's commitment to green initiatives and carrying out of environmental measures on an ongoing basis.

The Hotel was awarded the Caring Company Logo for the year 2008-2009 by Hong Kong Council of Social Service in recognition of its contribution to society.

Biographies of Directors and Senior Executives

Non-executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 53, 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 non-executive director and chairperson of Emperor International Holdings Limited ("EIHL") and Emperor Entertainment Group Limited ("EEG"), the shares of which are listed on the Main Board and the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") respectively. Ms. Luk joined the Company in March 2000.

Executive Director

WONG CHI FAI, aged 53, is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of EIHL, EEG, New Media Group Holdings Limited ("NMG") and Emperor Watch & Jewellery Limited ("EWJ"). NMG and EWJ are companies listed on the Main Board of Stock Exchange. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to hotel and hospitality, property investment and development, watch and jewellery retailing, entertainment as well as media. Mr. Wong joined the Company in 1991.

Executive Director

FAN MAN SEUNG, VANESSA, aged 46, is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. She is also a director of EIHL, EEG, NMG and EWJ. Ms. Fan joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. Having over 20 years of corporate management experience, she possesses diversified experience in different businesses including hotel and hospitality, property investment and development, financial and securities operations, watch and jewellery retailing, entertainment as well as media.

Executive Director and Company Secretary

MOK FUNG LIN, IVY aged 44, 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 EIHL. Ms. Mok joined the Company in 1993 as Legal Consultant and was appointed executive director of the Company in February 2000.

Independent Non-executive Director

CHAN SIM LING, IRENE, aged 46, 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

Independent Non-executive Director

WAN CHOI HA, aged 41, 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. Ms. Wan was appointed as independent non-executive director of the Company in February 2006.

Independent Non-executive Director

CHAN WILING, YVONNE, aged 44, 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 20 years of experience in accounting, auditing and information security fields and previously worked in two international accounting firms, Touche Ross & Co. and Ernst & Young. Ms. Chan was appointed as independent non-executive director of the Company in September 2004.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding and the activities of its principal subsidiaries are set out in note 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 are set out in the consolidated income statement on page 30 and note 14 to the consolidated financial statements.

The Directors recommended the payment of a final dividend of HK$0.018 per share (2008: HK$0.04 per share) payable on 29th September, 2009 to shareholders whose names appear on the register of members of the Company on 3rd September, 2009.

INVESTMENT PROPERTIES

As at 31st March, 2009, the Group revalued all of its investment properties on a market value basis at HK$426,400,000. The decrease in fair value of HK$139,300,000 has been debited to the consolidated income statement.

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

A summary of investment properties of the Group as at 31st March, 2009 is set out on page 88.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of HK$67,344,000.

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

DISTRIBUTABLE RESERVES OF THE COMPANY

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

DISTRIBUTABLE RESERVES OF THE COMPANY – *continued*

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

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

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

The Company's reserves available for distribution to shareholders as at 31st March, 2009 represent the aggregate of contributed surplus and accumulated profits amounting to HK$1,332,341,000 (2008: HK$1,379,339,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

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

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

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

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

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, 2009, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

Long position interests in the Company

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

Name of director	Capacity/Nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Semon Luk *(Note 1)*	Family	439,138,571	43.43%

(ii) Share options

Name of director	Capacity/Nature of interests	Number of options/underlying shares held
Mr. Wong Chi Fai *(Note 2)*	Beneficial owner	5,000,000
Ms. Fan Man Seung, Vanessa *(Note 2)*	Beneficial owner	5,000,000

Notes:

1. 439,138,571 shares of the Company were held by Worthly Strong Investment Limited ("Worthly Strong") which was indirectly wholly-owned by EIHL. EIHL was a company with its shares listed in Hong Kong and 55.92% of its issued share capital as at 31st March, 2009 was held by Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by Million Way Holdings Limited ("Million Way") which was wholly-owned by STC International Limited ("STC International"), the trustee of The Albert Yeung Discretionary Trust ("Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 439,138,571 shares held by Worthly Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES – *continued*

Save as disclosed above, as at 31st March, 2009, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 2nd September, 2002. Particulars of the Scheme are set out in note 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	Exercisable period	Exercise price of the share options	Number of options outstanding as at 1st April, 2008 and as at 31st March, 2009
Mr. Wong Chi Fai	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000
Ms. Fan Man Seung, Vanessa	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000

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

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2009, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

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

Name of shareholder	Capacity/ nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
EIHL *(Note)*	Interest in a controlled corporation	439,138,571	43.43%
Charron *(Note)*	Interest in a controlled corporation	439,138,571	43.43%
Million Way *(Note)*	Interest in a controlled corporation	439,138,571	43.43%
STC International *(Note)*	Trustee	439,138,571	43.43%
Dr. Albert Yeung *(Note)*	Founder of the Trust	439,138,571	43.43%
Zwaanstra John	Interest in a controlled corporation	90,775,000	8.98%
Penta Investment Advisers Limited	Investment manager	90,775,000	8.98%

Note: The 439,138,571 shares were held by Worthly Strong which was indirectly wholly-owned by EIHL. EIHL was a company with its shares listed in Hong Kong and 55.92% of its issued share capital was held by Charron as at 31st March, 2009. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the Trust. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 439,138,571 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, 2009, 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.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected parties of the Company in relation to the leasing of the Group's hotel property for the operation of the counter-party.

Name of counterparty	Date of agreement	Location	Term	Amount of rental received during the year ended 31st March, 2009
EWJ Watch and Jewellery Company Limited ("EWJ Macau")	24th May, 2006	Shop Nos. 1 to 4 G/F., Grand Emperor Hotel, No. 112 Avenida Doutor Mario Soares, Macau	1st April, 2006 – 31st March, 2007: HK$197,595 per month; 1st April, 2007 – 31st March, 2008: HK$208,572 per month; and 1st April, 2008 – 31st March, 2009: HK$219,550 per month	HK$2,634,600
EWJ Macau	2nd June, 2008	Shop No. 5 G/F., Grand Emperor Hotel, No. 112 Avenida Doutor Mario Soares, Macau	1st July, 2008 – 30th June, 2011: HK$109,200 per month	HK$928,200
EWJ Macau	25th March, 2009	Shop Nos. 1 to 4 G/F., Grand Emperor Hotel, No. 112 Avenida Doutor Mario Soares, Macau	1st April, 2009 – 31st March, 2012: HK$235,000 per month	N/A

Note: EWJ Macau was an indirect wholly-owned subsidiary of EWJ. EWJ was indirectly owned as to about 74.90% by the Trust which is founded by Dr. Albert Yeung, a deemed substantial shareholder of the Company. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was deemed to be interested in the tenancy agreements of the above transactions.

The above transactions constituted non-exempt continuing connected transactions for the Company under Rule 14A of the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules but were exempted from the independent shareholders' approval requirement.

CONTINUING CONNECTED TRANSACTIONS – *continued*

Agreed upon procedures performed by the Auditor of the Company

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the above continuing connected transactions of the Group and the auditor reported the factual findings on these procedures to the Board. The procedures were performed solely to assist the Directors to evaluate whether the continuing connected transactions entered into by the Group for the Year:

(i) have received the approval of the Board;

(ii) have been entered into in accordance with the terms of the agreements governing the transactions; and

(iii) have not exceeded the relevant cap amount for the Year as disclosed in the previous announcements made by the Company.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.37 of the Listing Rules, the Company's independent non-executive Directors have reviewed the above continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Group:

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

(ii) on normal commercial terms; and

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed above in the paragraph of "Continuing Connected Transactions", 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 83.20% of the revenue of the Group. The largest customer accounted for approximately 78.77% of the Group's revenue and is the operator of VIP rooms, gaming concourse and slot machine hall who paid fee for the services rendered by the Group.

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

None of the Directors, their associates or any shareholders 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.

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 20 to 27.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong
24th June, 2009

Corporate Governance Report

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

THE BOARD

Board Composition

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

As at 31st March, 2009, the Board comprised seven Directors (one non-executive Director who is also the Chairperson of the Company, three executive Directors and three independent non-executive Directors). The biographies of the Directors are set out on pages 10 to 11 of this annual report under the "Biographies of Directors and Senior Executives" Section.

An induction regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group has been provided to all Directors shortly upon their appointment as Directors of the Company.

Management Functions

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

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

Independent Non-executive Directors

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

THE BOARD – *continued*

Independent Non-executive Directors – *continued*

The independent non-executive Directors are appointed for an initial term of one year up to 31st December, 2008 and shall continue thereafter on a yearly basis unless terminated by notice in writing served by either party. Pursuant to 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 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.

Board Meetings

The Board held five Board meetings during the Year with the attendance of each Director as follows:

Name of director	Meetings attended/ No. of Board meeting	Attendance rate
Non-executive Directors		
Luk Siu Man, Semon *(Chairperson)*	5/5	100%
Executive Directors		
Wong Chi Fai	5/5	100%
Fan Man Seung, Vanessa	5/5	100%
Mok Fung Lin, Ivy	5/5	100%
Independent Non-executive Directors		
Chan Sim Ling, Irene	5/5	100%
Chan Wiling, Yvonne	5/5	100%
Wan Choi Ha	5/5	100%

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

THE BOARD – *continued*

Board Meetings – *continued*

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

Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting 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.

Delegation by the Board

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

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

1. Audit Committee

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

THE BOARD – *continued*

Delegation by the Board – *continued*

1. *Audit Committee – continued*

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

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

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

i. reviewed with the finance-in-charge and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the year ended 31st March, 2008 and for the six months ended 30th September, 2008 respectively;

ii. approved the audit fees for the financial year 2007-2008 and recommended to the Board on the re-appointment of external auditor;

iii. met with the external auditor and reviewed their work and findings relating to the annual audit for the year ended 31st March, 2008;

iv. reviewed with the finance-in-charge the effectiveness of the internal control system of the Group;

v. reviewed the external auditor's independence and the effectiveness of the audit process;

vi. annual review of the non-exempt continuing connected transactions;

vii. reviewed with the external auditor and the finance-in-charge of the 2009 audit plans for the Year and authorize the management to negotiate with the external auditor on the audit fee;

viii. reviewed with the external auditor the impact to the Group in respect of the amendments to the accounting principles and standards and the development of corporate governance; and

ix. recommended the Board to adopt the revised Terms of Reference of the Audit Committee.

THE BOARD – *continued*

Delegation by the Board – *continued*

2. *Remuneration Committee*

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

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

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

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

i. determining the policy for the remuneration of executive Directors and made recommendation to the Board to adopt a written Remuneration policy; and

ii. assessing the performance of the executive Directors and reviewing the remuneration structure/package of the Directors and made recommendation to the Board on the Directors' remuneration.

THE BOARD – *continued*

Emolument Policy

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

No individual should determine his or her own remuneration. The independent non-executive Directors are paid fees in line with market practice. The emoluments of the executive Directors are decided by the Remuneration Committee having regard to the Company's operating results, individual performance and comparable market statistics. Remuneration package includes basic salaries, Director's fee, ad hoc rewards, performance related incentive payment, share-based payments and other benefits. Particulars of the share option scheme of the Company and number of share options granted to the Directors are set out in note 29 to the consolidated financial statements.

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

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

The Board has also reviewed the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function and their training programmes and budget. The Audit Committee has made recommendation to the Board that the management has discharged its duty to have an effective internal controls system.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for overseeing the preparation of the financial statements of the Group which give a true and fair view of the Group's state of affairs, results and cash flows for the Year. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report. The management has provided information and such explanation to the Board to enable it to make an informed assessment of the financial and other information put before the Board for decisions. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis.

COMMUNICATION WITH SHAREHOLDERS

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

The Chairperson of the annual general meeting and chairman/member of the Audit Committee and Remuneration Committee were available at the annual general meeting held on 28th August, 2008 to answer questions from the shareholders of the Company.

The forthcoming annual general meeting of the Company will be held on 3rd September, 2009 which will be conducted by way of poll.

AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Members of the Committee are satisfied with the findings of their review of the audit fees, process and effectiveness, and objectively of the Company's auditor, Deloitte Touche Tohmatsu and opined that they are independent and recommended to the Board for its re-appointment as the Company's external auditor at the forthcoming annual general meeting.

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

Service rendered	Fees paid/payable HK$'000
Audit service	2,571

Deloitte.
德勤

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 30 to 86, which comprise the consolidated balance sheet as at 31st March, 2009, 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.

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, 2009 and of the Group's loss 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
24th June, 2009

Consolidated Income Statement

For the year ended 31st March, 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations			
Revenue	7	**791,456**	1,255,133
Cost of sales		**(34,197)**	(35,015)
Cost of hotel and gaming operations		**(201,780)**	(198,291)
Gross profit		**555,479**	1,021,827
Other income		**11,938**	24,329
(Loss) gain on fair value change in investment properties		**(139,300)**	33,500
Selling and marketing expenses		**(63,897)**	(71,396)
Commission expenses in gaming operations		**(183,771)**	(434,487)
Administrative expenses		**(148,205)**	(198,492)
Finance costs	9	**(26,535)**	(35,211)
Profit before taxation	10	**5,709**	340,070
Taxation	12	**(7,784)**	(33,642)
(Loss) profit for the year from continuing operations		**(2,075)**	306,428
Discontinued operation			
Loss for the year from discontinued operation	13	**–**	(6,507)
(Loss) profit for the year		**(2,075)**	299,921
Attributable to:			
Equity holders of the Company		**28,852**	202,458
Minority interests		**(30,927)**	97,463
		(2,075)	299,921
Dividends	14		
– Interim paid		**–**	41,342
– Final paid		**40,449**	82,684
		40,449	124,026
– Final proposed		**18,202**	40,449
Earnings per share	15		
– From continuing and discontinued operations			
Basic		**HK$0.03**	HK$0.20
Diluted		**N/A**	N/A
– From continuing operations			
Basic		**HK$0.03**	HK$0.21
Diluted		**N/A**	N/A

Consolidated Balance Sheet

At 31st March, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties	16	**426,400**	656,200
Property, plant and equipment	17	**967,540**	867,423
Prepaid lease payments	18	**296,534**	304,010
Property under development	19	**570,962**	554,215
Prepayment for acquisition of property, plant and equipment		**518**	35,646
Goodwill	20	**72,938**	72,938
		2,334,892	2,490,432
Current assets			
Inventories, at cost		**4,881**	4,950
Trade and other receivables	21	**320,568**	677,196
Prepaid lease payments	18	**7,742**	7,732
Pledged bank deposit	22	**300**	–
Bank balances and cash	22	**527,380**	189,280
		860,871	879,158
Current liabilities			
Trade and other payables	23	**351,401**	456,207
Amounts due to related companies	24	**2,800**	6,875
Amounts due to minority shareholders of a subsidiary	25	**153,531**	122,036
Taxation payable		**65,580**	48,261
Secured bank borrowings – amounts due within one year	26	**44,604**	41,880
		617,916	675,259
Net current assets		**242,955**	203,899
Total assets less current liabilities		**2,577,847**	2,694,331

Consolidated Balance Sheet

At 31st March, 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Amounts due to minority shareholders of a subsidiary	25	**203,871**	252,678
Secured bank borrowings – amounts due after one year	26	**126,954**	171,569
Deferred taxation	27	**69,747**	76,970
		400,572	501,217
		2,177,275	2,193,114
Capital and reserves			
Share capital	28	**101**	101
Reserves	30	**1,716,745**	1,713,138
Equity attributable to equity holders of the Company		**1,716,846**	1,713,239
Minority interests	31	**460,429**	479,875
		2,177,275	2,193,114

The consolidated financial statements on pages 30 to 86 were approved and authorised for issue by the Board of Directors on 24th June, 2009 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, 2009

	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))*	Property revaluation reserve HK$'000	Share option reserve HK$'000	Legal reserve HK$'000 *(note 30(b))*	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st April, 2007	93	–	666	992,609	–	3,964	44	30,131	431,716	1,459,223	438,457	1,897,680
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	25,115	–	25,115	–	25,115
Profit for the year	–	–	–	–	–	–	–	–	202,458	202,458	97,463	299,921
Total recognised income for the year	–	–	–	–	–	–	–	25,115	202,458	227,573	97,463	325,036
Issue of shares	10	188,585	–	–	–	–	–	–	–	188,595	–	188,595
Arising on acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(54,888)	(54,888)
Repurchase of shares	(2)	–	2	–	–	–	–	–	(38,126)	(38,126)	–	(38,126)
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary *(note 25)*	–	–	–	–	–	–	–	–	–	–	(1,157)	(1,157)
Transfer from accumulated profits to legal reserve	–	–	–	–	–	–	243	–	(243)	–	–	–
2007 final dividend paid in cash	–	–	–	(82,684)	–	–	–	–	–	(82,684)	–	(82,684)
2008 interim dividend paid in cash	–	–	–	(41,342)	–	–	–	–	–	(41,342)	–	(41,342)
At 31st March, 2008	101	188,585	668	868,583	–	3,964	287	55,246	595,805	1,713,239	479,875	2,193,114
Revaluation gain on hotel property upon transfer to investment properties	–	–	–	–	9,634	–	–	–	–	9,634	9,634	19,268
Deferred tax on revaluation gain on hotel property upon transfer to investment properties	–	–	–	–	(1,156)	–	–	–	–	(1,156)	(1,156)	(2,312)
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	6,726	–	6,726	–	6,726
Net income recognised directly in equity	–	–	–	–	8,478	–	–	6,726	–	15,204	8,478	23,682
Profit (loss) for the year	–	–	–	–	–	–	–	–	28,852	28,852	(30,927)	(2,075)
Total recognised income (expenses) for the year	–	–	–	–	8,478	–	–	6,726	28,852	44,056	(22,449)	21,607
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary *(note 25)*	–	–	–	–	–	–	–	–	–	–	3,003	3,003
2008 final dividend paid in cash	–	–	–	(40,449)	–	–	–	–	–	(40,449)	–	(40,449)
At 31st March, 2009	**101**	**188,585**	**668**	**828,134**	**8,478**	**3,964**	**287**	**61,972**	**624,657**	**1,716,846**	**460,429**	**2,177,275**

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Profit before taxation		**5,709**	333,563
Adjustments for:			
Gain on disposal of subsidiaries in discontinued operation		**–**	(1,145)
Interest income		**(3,598)**	(6,402)
Interest expenses		**8,344**	16,287
Imputed interest expense		**18,191**	18,924
Depreciation of property, plant and equipment		**77,236**	73,971
Allowance for bad and doubtful debts		**36,344**	16,867
Release of prepaid lease payments		**6,456**	6,464
Loss (gain) on fair value change in investment properties		**139,300**	(33,500)
Loss (gain) on disposal of property, plant and equipment		**498**	(757)
Operating cash flows before movements in working capital		**288,480**	424,272
Decrease (increase) in inventories		**69**	(2,688)
Decrease (increase) in trade and other receivables		**320,312**	(200,571)
Increase in amount due from a related company		**–**	(2,677)
(Decrease) increase in trade and other payables		**(111,450)**	25,522
(Decrease) increase in amounts due to related companies		**(4,378)**	5,171
Net cash generated from operating activities		**493,033**	249,029
Cash flows from investing activities			
Interest received		**3,598**	6,402
Additions to property, plant and equipment		**(31,698)**	(25,465)
Additions to property under development		**(3,568)**	(12,255)
Prepayment for acquisition of property, plant and equipment		**(518)**	(35,201)
Increase in pledged bank deposit		**(300)**	–
Proceeds on disposal of property, plant and equipment		**33**	3,622
Acquisition of additional interest in a subsidiary	28(a)	**–**	(930)
Proceeds on disposal of subsidiaries (net of cash and cash equivalents disposed of)	13	**–**	126,975
Net cash (used in) generated from investing activities		**(32,453)**	63,148

Consolidated Cash Flow Statement

For the year ended 31st March, 2009

	2009 HK$'000	2008 HK$'000
Cash flows from financing activities		
Dividend paid	**(40,449)**	(124,026)
Advances from (repayments to) related companies	**303**	(22,202)
Repayments of bank loans	**(41,891)**	(39,427)
Interest paid	**(8,344)**	(16,287)
Repayments to minority shareholders of a subsidiary	**(32,500)**	(99,579)
Repurchase of shares	**–**	(38,126)
Net cash used in financing activities	**(122,881)**	(339,647)
Net increase (decrease) in cash and cash equivalents	**337,699**	(27,470)
Cash and cash equivalents at the beginning of the year	**189,280**	216,442
Effect of foreign exchange rate changes	**401**	308
Cash and cash equivalents at the end of the year	**527,380**	189,280
Analysis of balance of cash and cash equivalents at the end of the year		
Bank balances and cash	**527,380**	189,280

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information 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 NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

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

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – *continued*

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

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

[1] Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.

[2] Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1st January, 2009.

[4] Effective for annual periods beginning on or after 1st July, 2009.

[5] Effective for annual periods ending on or after 30th June, 2009.

[6] Effective for annual periods beginning on or after 1st July, 2008.

[7] Effective for annual periods beginning on or after 1st October, 2008.

[8] Effective for transfers on or after 1st July, 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in Group's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") – *continued*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Basis of consolidation – *continued*

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 interest of subsidiaries

Acquisition of additional interest 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 value of assets and liabilities of the subsidiary attributable to the additional interest acquired is recognised as goodwill.

Goodwill

Goodwill arising on an acquisition of subsidiaries 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.

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 subsidiaries, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Investment properties

Investment properties are properties held to earn rental and for capital appreciation.

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 the fair value of investment properties are included in profit or loss for the period in which they arise.

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

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 its 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 item 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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation and commencement of lease, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

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 consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Properties under development

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes or for investment potential, the leasehold land component is classified as a prepaid lease payment and amortised on a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for own use or their investment potential are carried at cost, less any identified impairment losses and are shown as non-current assets.

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 and financial assets)

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.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Impairment of assets (other than goodwill and financial assets) – *continued*

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.

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.

Effective interest method

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

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, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial assets – continued

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted. Objective evidence of impairment could include significant financial difficulty of the issuer or counterparty; or default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Financial instruments – *continued*

Financial liabilities and equity – continued

Effective interest method

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

Interest expense is recognised on an effective interest basis.

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.

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

Equity instruments

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

Derecognition

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

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 service provided for gaming operations in mass market hall, slot machine hall and VIP rooms is recognised when the relevant services have been rendered and the Group is entitled to the share of gaming wins from the gaming operator.

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

Rental income from gaming hall in the cruise represented fixed rental and contingent rental income at a percentage of net profit generated by the lessee. Contingent rental income was recognised as income in the periods in which the underlying gaming wins were generated by the lessee. Fixed rental income was recognised as income on a straight line basis over the terms of the relevant leases.

Service income is recognised when the services are provided.

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 that 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.

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 bases 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 that are measured in terms of historical cost in a foreign currency are not retranslated.

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Foreign currencies – *continued*

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 Group (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.

Share-based payment transactions

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

3. SIGNIFICANT ACCOUNTING POLICIES – *continued*

Leasehold land and buildings

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, 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 and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases, except for those classified and accounted for as investment properties and the fair value model is used, or those previously classified and accounted for as investment properties using the fair value model, now reclassified to property, plant and equipment.

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.

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 judgements that have significant effect on the accounts recognised in the consolidated financial statements. The key assumption concerning the future, and other key source of estimation uncertainty at the 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, 2009 was HK$357,402,000 (2008: HK$374,714,000). According to the shareholders' agreements, these amounts are repayable only when the indirect 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. The carrying amount of the amounts due to minority shareholders of a subsidiary and the deemed contribution by minority shareholders may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the timing of repayment to the minority shareholders.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY – *continued*

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31st March, 2009 is HK$195,291,000 (net of allowance for bad and doubtful debts of HK$62,769,000) (2008: HK$486,346,000 (net of allowance for bad and doubtful debts of HK$26,445,000)).

Deferred tax assets

The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the amounts due to minority shareholders of a subsidiary as disclosed in note 25, bank borrowings disclosed in note 26, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

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

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables		
Trade and other receivables	**312,841**	669,029
Pledged bank deposit	**300**	–
Bank balances and cash	**527,380**	189,280
	840,521	858,309
Financial liabilities		
Amortised cost		
Trade and other payables	**99,546**	151,984
Amounts due to related companies	**2,800**	6,875
Amounts due to minority shareholders of a subsidiary	**357,402**	374,714
Bank borrowings	**171,558**	213,449
	631,306	747,022

(b) Financial risk management objectives and policies

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

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cashflows. The management considers the Group does not expose to significant foreign currency risk as the Group is mainly exposed to fluctuation in exchange rate of Macau Pataca ("MOP") against Hong Kong dollars. Exposures on balances which are denominated in MOP in group entities with Hong Kong dollars as functional currency, are not considered significant as MOP is pegged to Hong Kong dollars.

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Market risk – continued

Cash flow interest rate risk

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

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

If interest rates for bank borrowings and bank balances had been 100 basis points and 50 basis points (2008: 100 basis points and 50 basis points) higher respectively and all other variables were held constant, the potential decrease in loss (2008: profit) for the year is as follows:

	2009	2008
	HK$'000	HK$'000
Decrease in loss/profit for the year		
– Secured bank borrowings	**(1,716)**	(2,135)
– Bank balances	**2,638**	946
	922	(1,189)

If interest rates for bank borrowings and bank balances had been 100 basis points and 50 basis points (2008: 100 basis points and 50 basis points) lower respectively and all other were held constant, the potential effect on loss (2008: profit) would be equal and opposite.

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

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, 2009 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated balance sheet. In order to manage the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date based on the management knowledge of customers and their creditability and repayment record to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has concentration of credit risk as 24.04% (2008: 14.45%) and 24.09% (2008: 15.55%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel and gaming operations business segment. The remaining trade receivables balances are spread over numbers of customers.

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As at 31st March, 2009, the Group has available unutilised overdraft and bank loan facilities of HK$100,000,000 (2008: HK$100,000,000).

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

6. FINANCIAL INSTRUMENTS – *continued*

(b) Financial risk management objectives and policies – *continued*

Liquidity risk – continued

Liquidity and interest risk tables

	Weighted average effective interest rate	Less than 1 month or repayable on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Interest portion	Total carrying amounts
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009								
Trade and other payables	**N/A**	**98,992**	**292**	**262**	**-**	**99,546**	**-**	**99,546**
Amounts due to related companies	**N/A**	**2,800**	**-**	**-**	**-**	**2,800**	**-**	**2,800**
Amounts due to minority shareholders of a subsidiary	**5.00%**	**-**	**-**	**161,386**	**233,614**	**395,000**	**(37,598)**	**357,402**
Secured bank borrowings	**4.39%**	**4,098**	**12,293**	**32,782**	**132,448**	**181,621**	**(10,063)**	**171,558**
		105,890	**12,585**	**194,430**	**366,062**	**678,967**	**(47,661)**	**631,306**
2008								
Trade and other payables	N/A	150,915	127	942	-	151,984	-	151,984
Amounts due to related companies	N/A	6,875	-	-	-	6,875	-	6,875
Amounts due to minority shareholders of a subsidiary	5.00%	127,996	-	-	299,504	427,500	(52,786)	374,714
Secured bank borrowings	6.09%	4,206	12,619	33,652	186,453	236,930	(23,481)	213,449
		289,992	12,746	34,594	485,957	823,289	(76,267)	747,022

(c) Fair value

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

7. REVENUE

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

	2009 **HK$'000**	2008 HK$'000
Continuing operations		
Hotel and gaming operations		
Service income from gaming operation in VIP rooms	**237,748**	622,449
Service income from gaming operation in mass market halls	**291,960**	257,432
Service income from gaming operation in slot machine hall	**36,003**	45,343
Hotel room income	**71,614**	82,702
Marketing and promotion income	**36,900**	103,245
Food and beverage sales	**65,748**	70,176
Rental income from investment properties	**36,671**	55,275
Others	**14,812**	18,511
	791,456	1,255,133
Discontinued operation		
Cruise and cruise-related operations		
Rental income from gaming hall	**–**	15,092
Food and beverage sales	**–**	240
Room rental income	**–**	72
Others	**–**	892
	–	16,296
	791,456	1,271,429

8. SEGMENT INFORMATION

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

Principal activities of the business segments are as follows:

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

The Group was also involved in the cruise and cruise-related operations in the high seas outside Hong Kong. That operation was discontinued on 29th June, 2007 (see note 13).

8. SEGMENT INFORMATION – *continued*

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

Business segments

2009

	Hotel and gaming operations HK$'000	Property development HK$'000	Consolidated HK$'000
REVENUE	791,456	–	791,456
RESULTS			
Segment results	37,007	(1,745)	35,262
Imputed interest expense on amounts due to minority shareholders of a subsidiary	(18,191)	–	(18,191)
Other finance cost			(8,344)
Unallocated corporate income			3,598
Unallocated corporate expenses			(6,616)
Profit before taxation			5,709
Taxation			(7,784)
Loss for the year			(2,075)
BALANCE SHEET			
Assets			
Segment assets	2,031,295	636,437	2,667,732
Unallocated corporate assets			528,031
			3,195,763
Liabilities			
Segment liabilities	180,576	169,610	350,186
Amounts due to related companies	2,773	–	2,773
Amounts due to minority shareholders of a subsidiary	357,402	–	357,402
Taxation payable			65,580
Deferred taxation			69,747
Unallocated corporate liabilities			172,800
			1,018,488
OTHER INFORMATION			
Additions to property under development and property, plant and equipment	67,322	3,590	70,912
Allowance for bad and doubtful debts	36,344	–	36,344
Release of prepaid lease payments	6,456	–	6,456
Depreciation of property, plant and equipment	77,068	168	77,236
Loss on disposal of property, plant and equipment	498	–	498

All the above figures are derived from continuing operations.

8. SEGMENT INFORMATION – *continued*

Business segments – *continued*

2008

	Continuing operations			Discontinued operation	
	Hotel and gaming operations HK$'000	Property development HK$'000	Total HK$'000	Cruise and cruise-related operations HK$'000	Consolidated HK$'000
REVENUE	1,255,133	–	1,255,133	16,296	1,271,429
RESULTS					
Segment results	393,503	7,276	400,779	(7,652)	393,127
Imputed interest expense on amounts due to minority shareholders of a subsidiary	(18,924)	–	(18,924)	–	(18,924)
Interest on amounts due to minority shareholders of a subsidiary	(242)	–	(242)	–	(242)
Other finance costs			(16,045)	–	(16,045)
Unallocated corporate income			6,376	–	6,376
Unallocated corporate expenses			(31,874)	–	(31,874)
Profit (loss) before taxation			340,070	(7,652)	332,418
Taxation			(33,642)	–	(33,642)
Gain on disposal of discontinued operation			–	1,145	1,145
Profit (loss) for the year			306,428	(6,507)	299,921
BALANCE SHEET					
Assets					
Segment assets	2,558,889	620,766	3,179,655	–	3,179,655
Unallocated corporate assets					189,935
					3,369,590
Liabilities					
Segment liabilities	289,185	165,907	455,092	–	455,092
Amounts due to related companies	3,123	–	3,123	–	3,123
Amounts due to minority shareholders of a subsidiary	374,714	–	374,714	–	374,714
Taxation payable					48,261
Deferred taxation					76,970
Unallocated corporate liabilities					218,316
					1,176,476
OTHER INFORMATION					
Additions to property under development and property, plant and equipment	26,706	23,102	49,808	120	49,928
Allowance for bad and doubtful debts	16,867	–	16,867	–	16,867
Release of prepaid lease payments	6,464	–	6,464	–	6,464
Depreciation of property, plant and equipment	72,118	129	72,247	1,724	73,971
Gain on disposal of property, plant and equipment	767	–	767	–	767
Loss on disposal of property, plant and equipment	–	–	–	(10)	(10)

8. SEGMENT INFORMATION – *continued*

Geographical segments

Revenue from the Group's continuing operations was derived principally from Macau. Revenue from the Group's discontinued cruise and cruise-related operations was derived principally from International waters (2009: HK$Nil, 2008: HK$15,092,000) and Hong Kong (2009: HK$Nil, 2008: HK$1,204,000).

The following is an analysis of the carrying amount of segment assets, and additions to property under development and property, plant and equipment analysed by the geographical area in which the assets are located. In the case of cruise and cruise-related operations, the geographical area of location is regarded as International waters:

	Carrying amount of segment assets		Additions to property under development and property, plant and equipment	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Macau	**2,031,295**	2,558,889	**67,322**	26,706
The PRC	**636,437**	620,766	**3,590**	23,102
Other Asia Pacific areas, including International waters	**–**	–	**–**	120
	2,667,732	3,179,655	**70,912**	49,928

9. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interests on:		
– bank borrowings wholly repayable within five years	**8,344**	14,375
– amount due to a related company	**–**	1,670
– amounts due to minority shareholders of a subsidiary	**–**	242
Imputed interest expense on amounts due to minority shareholders of a subsidiary	**18,191**	18,924
	26,535	35,211

All the above figures are derived from continuing operations.

10. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit before taxation has been arrived at after charging:						
Allowance for bad and doubtful debts (included in administrative expenses)	**36,344**	16,867	**–**	–	**36,344**	16,867
Auditor's remuneration	**2,604**	2,713	**–**	83	**2,604**	2,796
Depreciation of property, plant and equipment	**77,236**	72,247	**–**	1,724	**77,236**	73,971
Release of prepaid lease payments	**6,456**	6,464	**–**	–	**6,456**	6,464
Staff costs, including directors' remuneration and retirement benefit scheme contributions *(note 11)*	**133,841**	152,652	**–**	5,833	**133,841**	158,485
Loss on disposal of property, plant and equipment	**498**	–	**–**	10	**498**	10
and after crediting:						
Gain on disposal of property, plant and equipment	**–**	767	**–**	–	**–**	767
Interest income from						
– bank deposits	**3,598**	6,054	**–**	–	**3,598**	6,054
– others	**–**	348	**–**	–	**–**	348
Exchange gain	**5,059**	13,716	**–**	–	**5,059**	13,716

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Ms. Luk Siu Man, Semon HK$'000	Mr. Wong Chi Fai HK$'000	Ms. Fan Man Seung, Vanessa HK$'000	Ms. Mok Fung Lin, Ivy HK$'000	Ms. Chan Sim Ling, Irene HK$'000	Ms. Chan Wiling, Yvonne HK$'000	Ms. Wan Choi Ha HK$'000	Total HK$'000
2009								
Fees	–	153	153	153	229	229	229	1,146
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Performance related incentive payment *(note)*	–	–	615	–	–	–	–	615
	–	153	768	153	229	229	229	1,761

	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
2008								
Fees	–	107	107	107	107	107	107	642
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Performance related incentive payment *(note)*	–	–	2,651	–	–	–	–	2,651
	–	107	2,758	107	107	107	107	3,293

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – *continued*

(ii) Employees' emoluments

During the year, the five highest paid individuals does not include any director (2008: included one director). The total emoluments of the five (2008: four) highest paid individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**6,624**	4,607
Bonuses	**4,180**	15,696
	10,804	20,303

	Number of individuals 2009	2008
Emoluments of the employees were within the following bands:		
HK$1,000,001 – HK$1,500,000	**2**	–
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**2**	–
HK$4,500,001 – HK$5,000,000	**–**	1
HK$11,500,001 – HK$12,000,000	**–**	1

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

(iii) Retirement benefit scheme

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

The employees of the Group's subsidiaries in Macau and the PRC were members of state-managed retirement benefit schemes operated by the Macau and PRC government. 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 HK$633,000 (2008: HK$483,000).

12. TAXATION

	2009 **HK$'000**	2008 HK$'000
The charge (credit) comprises:		
Macau Complimentary Income Tax		
– current year	**17,319**	30,131
Deferred taxation *(note 27)*	**(9,535)**	3,511
	7,784	33,642

All the above figures are derived from continuing operations.

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

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

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

	2009 **HK$'000**	2008 HK$'000
Profit before taxation from:		
Continuing operations	**5,709**	340,070
Discontinued operation	**–**	(6,507)
	5,709	333,563
Tax charge at the Macau Complimentary Income Tax rate of 12% (2008: 12%)	**685**	40,028
Tax effect of expenses that are not deductible for tax purpose	**10,314**	13,675
Tax effect of income that is not taxable for tax purpose	**(7,343)**	(29,731)
Effect of change in tax rate	**(1,342)**	–
Tax effect of tax losses not recognised	**2,250**	10,179
Deferred taxation previously not recognised	**3,021**	–
Others	**199**	(509)
Taxation for the year	**7,784**	33,642

13. DISCONTINUED OPERATION

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

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

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

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

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

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

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

13. DISCONTINUED OPERATION – *continued*

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

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

14. DIVIDENDS

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

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

15. EARNINGS PER SHARE

From continuing and discontinued operations

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

	2009 HK$'000	2008 HK$'000
Earnings		
Earnings for the purpose of basic earnings per share	**28,852**	202,458

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,011,223,126**	993,220,028

From continuing operations

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

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

From discontinued operation

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

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

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

16. INVESTMENT PROPERTIES

	2009 HK$'000	2008 HK$'000
FAIR VALUE		
At the beginning of the year	**656,200**	681,200
Transfer to hotel property	**(112,000)**	(58,500)
Transfer from prepaid leases payments and hotel property *(note)*	**21,500**	–
Fair value change	**(139,300)**	33,500
At the end of the year	**426,400**	656,200

Note: The amount included a revaluation gain of HK$19,268,000 upon the transfer of prepaid lease payments and hotel property to investment properties which was credited to property revaluation reserve and minority interests.

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, 2009 has been arrived at on the basis of a valuation carried out at that date by Colliers International (Hong Kong) Limited, an independent firm of professional property valuers not connected with the Group. Colliers International (Hong Kong) Limited has appropriate qualification and recent experiences in the valuation of similar properties in the relevant locations, on a market value basis. The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Vessel HK$'000	Others HK$'000	Total HK$'000
COST									
At 1st April, 2007	559,845	24,336	24,914	224,576	102,676	2,218	133,156	9,972	1,081,693
Currency realignment	–	–	6	6	–	24	–	–	36
Transferred from investment properties	58,500	–	–	–	–	–	–	–	58,500
Additions	–	–	4,415	13,492	6,675	2,625	–	102	27,309
Disposals	–	–	–	(3,695)	–	–	–	(11)	(3,706)
Disposal of subsidiaries	–	–	(2,018)	(7,906)	–	–	(133,156)	–	(143,080)
At 31st March, 2008	618,345	24,336	27,317	226,473	109,351	4,867	–	10,063	1,020,752
Currency realignment	–	–	1	5	–	12	–	–	18
Transferred from investment properties	112,000	–	–	–	–	–	–	–	112,000
Transferred to investment properties	(1,583)	–	–	–	–	–	–	–	(1,583)
Additions	–	35,431	8,787	8,924	12,943	1,259	–	–	67,344
Disposals	–	–	–	(841)	–	–	–	–	(841)
At 31st March, 2009	**728,762**	**59,767**	**36,105**	**234,561**	**122,294**	**6,138**	**–**	**10,063**	**1,197,690**
DEPRECIATION									
At 1st April, 2007	17,684	558	3,095	45,838	13,579	330	11,925	2,467	95,476
Currency realignment	–	–	3	6	–	6	–	–	15
Provided for the year	15,759	608	3,562	37,794	12,141	720	1,376	2,011	73,971
Eliminated on disposals	–	–	–	(837)	–	–	–	(4)	(841)
Eliminated on disposal of subsidiaries	–	–	(307)	(1,684)	–	–	(13,301)	–	(15,292)
At 31st March, 2008	33,443	1,166	6,353	81,117	25,720	1,056	–	4,474	153,329
Currency realignment	–	–	1	1	–	2	–	–	4
Transferred to investment properties	(109)	–	–	–	–	–	–	–	(109)
Provided for the year	16,249	1,494	4,389	38,667	13,370	1,056	–	2,011	77,236
Eliminated on disposals	–	–	–	(310)	–	–	–	–	(310)
At 31st March, 2009	**49,583**	**2,660**	**10,743**	**119,475**	**39,090**	**2,114**	**–**	**6,485**	**230,150**
CARRYING AMOUNTS									
At 31st March, 2009	**679,179**	**57,107**	**25,362**	**115,086**	**83,204**	**4,024**	**–**	**3,578**	**967,540**
At 31st March, 2008	584,902	23,170	20,964	145,356	83,631	3,811	–	5,589	867,423

17. 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 and buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant lease, whichever is shorter
Leasehold improvements	10 – 20%
Furniture, fixtures and equipment	10 – 20%
Plant and machinery	10 – 20%
Motor vehicles	20%
Vessel	5%
Others	20%

The hotel property and buildings are located in Macau.

18. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise:

	2009	2008
	HK$'000	HK$'000
Leasehold land in Macau under medium-term lease	**258,371**	265,584
Leasehold land in the PRC under medium-term lease	**45,905**	46,158
	304,276	311,742
Analysed for reporting purposes as follows:		
Non-current	**296,534**	304,010
Current	**7,742**	7,732
	304,276	311,742

19. PROPERTY UNDER DEVELOPMENT

	HK$'000
At 1st April, 2007	485,671
Currency realignment	44,657
Additions	22,619
Release of prepaid lease payments capitalised	1,268
At 31st March, 2008	554,215
Currency realignment	11,883
Additions	3,568
Release of prepaid lease payments capitalised	1,296
At 31st March, 2009	**570,962**

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, 2009 was net interest capitalised of HK$21,372,000 (2008: HK$21,372,000). No further interest was capitalised in 2008 and 2009.

The Group has reviewed the recoverable amount of the property under development and the goodwill of HK$18,301,000 relating to this project (see note 20) based on fair value less cost to sell and considers no impairment is necessary. The fair value of the property as at the 31st March, 2009 amounted to HK$980,000,000 (2008: HK$1,254,000,000). The fair value has been arrived at on the basis of a valuation carried out at that date by Colliers International (Hong Kong) Limited, an independent firm of professional property valuers not connected with the Group. Colliers International (Hong Kong) Limited has appropriate qualification and recent experience in the valuation of similar properties in the relevant locations, on a market value basis. The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties.

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).

19. PROPERTY UNDER DEVELOPMENT – *continued*

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 served a notice to the JV Partner to terminate the JV Agreement in October 2006. At that time, the JV Partner had contributed RMB27,130,000 (equivalent to HK$30,759,000) towards the Project and incurred construction cost and other payables known to the Group totalling RMB56,490,000 (equivalent to HK$64,045,000). The Group had since assumed the legal obligation to settle the outstanding payables incurred by the JV Partner in respect of the Project and recognised the amount paid by the Group as property under development. In addition, the Group had taken up the JV Partner's contractual arrangements with regards to the construction of the Project which had not been commenced and disclosed these contractual commitments in relation to the Project in note 32.

In October 2006, the Group commenced legal proceedings against the JV Partner in Shanghai, the PRC for termination of the JV Agreement, payment of the outstanding payables known to the Group at that time in the sum of RMB56,490,000 and forfeiture of the JV Partner's contribution of RMB27,130,000. The latter sum has not been recognised as assets by the Group, pending the outcome of the legal proceedings. Details of the legal proceedings are set out in note 34(a).

20. GOODWILL

	HK$'000
COST	
At 1st April, 2007	18,301
Arising on acquisition of additional interest in a subsidiary *(note)*	54,637
At 31st March, 2008 and 31st March, 2009	**72,938**

Note: The amount arose as a result of acquisition of additional 10% interest in Nova Strategic Limited ("Nova Strategic"), a subsidiary of the Company at a consideration of HK$189,525,000 on 20th August, 2007. Nova Strategic was an investment holding company of the Group's hotel and gaming operations during the year ended 31st March, 2008.

20. GOODWILL – *continued*

As at 31st March, 2008 and 31st March, 2009, the carrying amount of goodwill amounting to HK$18,301,000 and HK$54,637,000 had been allocated to the property development project as discussed in note 19 and the CGU relating to the Group's hotel and gaming operations, respectively.

During the year, the Group performed an impairment review for goodwill of the Group's hotel and gaming operations based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3% per annum for subsequent years. The recoverable amount of the CGU of the hotel and gaming operations is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The forecast is discounted using a discount rate of 13%. The discount rates were determined with reference to weighted average cost of capital ("WACC") of similar companies in the industry adjusted for certain factors specify to the Group's hotel and gaming operations. The growth rates does not exceed the long-term average industry growth forecasts. Changes in selling prices and direct costs are based on past practices and the management's expectations of future changes in the market. There has been no significant changes in the model and assumptions used by the management as compared to 2008.

The Group also performed an impairment review for the goodwill allocated to the property development project in the PRC. The recoverable amount of the goodwill is determined based on its fair value less cost to sell, details of which are set out in note 19.

The Group considers no impairment loss is necessary.

21. TRADE AND OTHER RECEIVABLES

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

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

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

The Group's trade receivable balances do not have debtor which was past due at the report date for which the Group has not provided for impairment loss (2008: HK$Nil). Included in the trade receivable balances are debtor balances of HK$61,074,000 (2008: HK$257,299,000) that would otherwise be past due or impaired have the terms not been renegotiated.

21. TRADE AND OTHER RECEIVABLES – *continued*

Movement in the allowance for bad and doubtful debts

	2009 **HK$'000**	2008 HK$'000
At beginning of the year	**26,445**	9,667
Impairment loss recognised	**36,344**	16,867
Amounts written off	**(20)**	(89)
At end of the year	**62,769**	26,445

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$62,769,000 (2008: HK$26,445,000), since the management considered the prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

The Group's management closely monitors the credit quality of debtors and considers the debtors that are neither past due nor impaired to be of a good credit quality.

22. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, and carry interests at prevailing market rates which range from 0% to 4.05% (2008: 0% to 4.00%) per annum.

Pledged bank deposit represents deposit pledged to bank to secure short-term banking facilities granted to the Group.

23. TRADE AND OTHER PAYABLES

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

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

24. AMOUNTS DUE TO RELATED COMPANIES

	2009 HK$'000	2008 HK$'000
Interest-free amount *(note (a))*	**2,755**	6,654
Interest-free amounts *(note (b))*	**45**	221
	2,800	6,875

Notes:

(a) The amount is due to a subsidiary of Emperor International Holdings Limited ("EIHL"), a substantial shareholder of the Company.

(b) The amounts are due to companies in which Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"), the spouse of a director and a deemed substantial shareholder of the Company, has significant influence or is deemed to have significant influence.

The amounts are unsecured and repayable on demand.

25. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

	2009 HK$'000	2008 HK$'000
Interest-free amounts	**357,402**	374,714
Less: Amounts due within one year shown under current liabilities	**(153,531)**	(122,036)
Amounts due after one year	**203,871**	252,678

In accordance with the contractual terms of the shareholders' agreements, the interest-free amounts are to be repaid from surplus fund, which represents cash available in Luck United Holdings Limited, an indirect 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. Interest on these advances had been computed at an original effective interest rate of 5% and a projection on the timing of realisation of surplus fund according to budget approved by the management of Luck United Holdings Limited.

During the year, the Group partially repaid the principal of the interest-free shareholders' loans of HK$32,500,000. As at 31st March, 2009, the Group revised its estimates of repayments of the amounts due to minority shareholders of a subsidiary and adjusted the carrying amount of the amounts due to minority shareholders of a subsidiary in accordance with the revised estimated cash flows. The Group recalculated the carrying amount by computing the present value of estimated future cash flows at the original effective interest rate. This resulted in a decrease of HK$3,003,000 (2008: increase of HK$1,157,000) being adjusted to the carrying amount of minority interests in the current year.

In the opinion of the directors of the Company, the carrying amount of the amounts due to minority shareholders of HK$203,871,000 (2008: HK$252,678,000) is not expected to be repaid in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund. Accordingly, the carrying amount of HK$203,871,000 (2008: HK$252,678,000) is shown as non-current.

26. SECURED BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
The bank borrowings are repayable as follows:		
Within one year or on demand	**44,604**	41,880
Between one to two years	**45,972**	43,755
Between two to three years	**47,378**	45,734
Between three to four years	**33,604**	47,800
Between four to five years	**–**	34,280
	171,558	213,449
Less: Amounts due within one year shown under current liabilities	**(44,604)**	(41,880)
Amounts due after one year	**126,954**	171,569

The bank borrowings carried interest at HIBOR + 2.1% (2008: HIBOR + 2.1%) per annum. Interest of 3.00% to 5.95% (2008: 4.10% to 7.30%) per annum was charged on the outstanding balance during the year. The bank borrowings are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date are as follows:

	2009 HK$'000	2008 HK$'000
Hotel property	**679,179**	584,902
Investment properties	**426,400**	656,200
Prepaid lease payments	**258,371**	265,584
	1,363,950	1,506,686

27. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000 (note)	Development costs capitalised HK$'000	Fair value change in investment properties HK$'000	Pre-operating expenses written off HK$'000	Tax losses HK$'000 (note)	Total HK$'000
At 1st April, 2007	(2,622)	(5,533)	(67,616)	2,312	–	(73,459)
Credited (charged) to the consolidated income statement	2,821	–	(4,020)	(2,312)	–	(3,511)
At 31st March, 2008	199	(5,533)	(71,636)	–	–	(76,970)
Deferred taxation charged directly to equity	–	–	(2,312)	–	–	(2,312)
(Charged) credited to the consolidated income statement	(26,593)	–	16,716	–	18,070	8,193
Effect of change in tax rate	–	1,342	–	–	–	1,342
At 31st March, 2009	**(26,394)**	**(4,191)**	**(57,232)**	**–**	**18,070**	**(69,747)**

Note: The Macau tax authority granted a concessionary deduction to Pacific Strong Bases (Holding) Company Limited, an indirect non-wholly owned subsidiary of the Company in Macau, to claim deduction of depreciation allowance of its property, plant and equipment for tax purpose at a rate which is twice of the accounting depreciation. Deferred taxation liability of HK$26,394,000 has been recognised in respect to such accelerated tax depreciation. At the same time, deferred taxation asset of HK$18,070,000 has been recognised in respect to the tax losses arisen from the concessionary deduction.

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

As at 31st March, 2009, the Group had unused tax losses of HK$247,157,000 (2008: HK$138,615,000) available for offset against future profits. Deferred taxation asset of HK$18,070,000 (2008: HK$Nil) had been recognised in respect of such loss. No deferred tax asset has been recognised in respect of the remaining HK$96,574,000 (2008: HK$138,615,000) due to unpredictability of future profit streams. Included in unrecognised tax losses were losses of HK$3,621,000, HK$1,547,000 and HK$12,291,000 (2008: HK$16,313,000, HK$3,621,000 and HK$46,034,000) that would expire in 2010, 2011 and 2012, respectively (2008: 2009, 2010 and 2011, respectively). Other losses might be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares		Share capital	
	2009	2008	**2009**	2008
			HK$'000	HK$'000
Authorised:				
Ordinary shares of HK$0.0001	**2,000,000,000,000**	2,000,000,000,000	**200,000**	200,000
Issued and fully paid:				
At the beginning of year	**1,011,223,126**	928,771,980	**101**	93
Issue of shares *(note (a))*	**-**	104,774,846	**-**	10
Repurchase of shares *(note (b))*	**-**	(22,323,700)	**-**	(2)
At the end of year	**1,011,223,126**	1,011,223,126	**101**	101

Notes:

(a) On 12th June, 2007, World Million Profits Limited ("World Million"), a wholly-owned subsidiary of EIHL, a company listed on the Stock Exchange and a substantial shareholder of the Company entered into a sale and purchase agreement with Lion Empire Investments Limited ("Lion Empire") for the acquisition of 10% interest in Nova Strategic and loan due to Lion Empire by Nova Strategic at a consideration of HK$157,279,000. The consideration was satisfied by the allotment and issue of 79,433,953 shares of the EIHL at an issue price of HK$1.98 per share, being the market price at date of exchange. Lion Empire was the then wholly-owned subsidiary of The Albert Yeung Discretionary Trust.

On the same date, Courage Wisdom Investments Limited ("Courage Wisdom"), the then wholly-owned subsidiary of the Company entered into another sale and purchase agreement with World Million, for the acquisition of the additional 10% interest in Nova Strategic together with the loan due from Nova Strategic to World Million. The acquisition cost is HK$189,525,000, comprising an amount of HK$188,595,000 which was satisfied by the allotment and issue of 104,774,846 shares of the Company at an issue price of HK$1.80 per share, being the market price at date of exchange, and an amount of HK$930,000 which was settled by way of cash payment. The issue of shares was approved by a resolution of the board of directors on 16th August, 2007.

28. SHARE CAPITAL – *continued*

Notes: – continued

(b) During the year ended 31st March, 2008, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	No. of ordinary shares at HK$0.0001 each	Price per share Highest	Price per share Lowest	Aggregate consideration*
		HK$	HK$	HK$'000
February 2008	1,120,000	1.74	1.69	1,930
March 2008	21,203,700	1.70	1.70	36,196
	22,323,700			38,126

* The above aggregate consideration included the relevant transaction costs and expenses on the repurchase of shares.

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$2.20 under the terms of the Scheme. The options were vested immediately at the date of grant.

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

Date of grant	Exercisable period	Exercise price HK$	Number of options outstanding as at 1st April, 2007, 31st March, 2008 and 31st March, 2009
11th August, 2005	11th August, 2005 to 10th August, 2015	2.20	10,000,000

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

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.

31. MINORITY INTERESTS

Included in minority interests as at 31st March, 2009 was a deemed contribution by minority shareholders of HK$112,632,000 (2008: HK$109,629,000), arising from adjustment of fair value at initial recognition and subsequent measurement (see note 25 for details) of certain loans from the minority shareholders of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings.

32. COMMITMENTS

	2009	2008
	HK$'000	HK$'000
Authorised but not contracted for in respect of:		
– property under development	**2,486**	2,431
Contracted for but not provided in the consolidated financial statements, net of prepayments paid, in respect of:		
– property under development	**414,486**	404,276
– property, plant and equipment	**400**	1,611
	414,886	405,887
	417,372	408,318

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

33. OPERATING LEASE COMMITMENTS

The Group as lessee

	2009	2008
	HK$'000	HK$'000
Operating lease rentals paid and payable for the year in respect of:		
– rented premises	**4,197**	4,721

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:

	2009	2008
	HK$'000	HK$'000
Within one year	**6,472**	10,415
In the second to fifth year inclusive	**2,120**	3,058
After five years	**–**	7
	8,592	13,480

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

The Group as lessor

	2009	2008
	HK$'000	HK$'000
Operating lease rentals received and receivable for the year in respect of:		
– investment properties	**36,671**	55,275
– gaming hall in the vessel including contingent rentals: HK$Nil (2008: HK$15,092,000)	**–**	15,092
	36,671	70,367

33. OPERATING LEASE COMMITMENTS – *continued*

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

	2009	2008
	HK$'000	HK$'000
Within one year	**35,648**	42,203
In the second to fifth year inclusive	**121,050**	115,250
After five years	**115,200**	201,600
	271,898	359,053

Certain premises in the Group's investment properties have committed tenants for the tenancy ranging from 1 to 14 years and the rentals are pre-determined and fixed.

34. 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 development of the Group's property in Shanghai as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totalling RMB83,620,000 (equivalent to HK$94,804,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to HK$113,375,000) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, in which event the JV Partner is unable to provide supportive rationale to the court to support their counterclaim, therefore no provision was made by the Group. The legal case is still in the progress as at the end of the year.

(b) In January 2007, the Group was sued jointly with its contractor for MOP3,500,000 (equivalent to HK$3,352,000) for injuries suffered by a third party in an accident which 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 is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

35. RELATED PARTY TRANSACTIONS

(a) Other than disclosed in note 28(a), the Group also had the following significant transactions with related parties:

	2009 HK$'000	2008 HK$'000
Advertising expenses to related companies	**375**	375
Commission to Dr. Albert Yeung, a deemed substantial shareholder of the Company in the capacity of a patron of the Group's VIP rooms	**2,031**	1,897
Hotel room income from related companies	**413**	–
Interest expense to a related company	**–**	1,670
Professional fee expenses to related companies	**418**	–
Purchase of property, plant and equipment and merchandising goods from related companies	**864**	318
Reimbursement of administrative expenses paid by a related company	**8,800**	13,422
Rental income from related companies	**3,563**	17,606
Secretarial fee expenses to a related company	**250**	320

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 11.

36. MAJOR NON-CASH TRANSACTIONS

The Group had the following major non-cash transactions during the year ended 31st March 2009:

(a) The Group transferred some of the leased-out VIP rooms in the Grand Emperor Hotel with carrying value of HK$112,000,000 into self-occupied general gaming concourses. The amount had been transferred from investment properties to hotel property.

(b) The Group transferred part of the lobby area of the Grand Emperor Hotel into a retail shop held for earning rental income. The respective land portion with carrying value of HK$758,000 and building portion with carrying value of HK$1,474,000 had been transferred from prepaid lease payments and hotel property to investment properties. A revaluation gain of HK$19,268,000 upon the transfer of prepaid lease payments and hotel property to investment properties was credited to property revaluation reserve and minority interests.

37. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2008 and 2009, were as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest				Principal activities
				Directly		Indirectly		
				2009 %	2008 %	**2009** %	2008 %	
Asian Glory Limited	Macau	Macau	MOP25,000	**–**	–	**50***	50*	Property holding
Big Capital International Limited	British Virgin Islands	Macau	US$1	**–**	–	**50***	50*	Slot machine hall operation
Emperor Entertainment Hotel Management Limited	Macau	Macau	MOP25,000	**–**	–	**50***	50*	Provision of project financing services
Emperor (Shanghai) Co., Ltd. 英皇（上海）有限公司	PRC – wholly-owned foreign investment enterprise	PRC	US$45,000,000 **	**–**	–	**100**	100	Property development
Great Assets Holdings Limited	British Virgin Islands	Hong Kong	US$50	**–**	–	**100**	100	Investment holding
Keen Million Limited	British Virgin Islands	Macau	US$1	**–**	–	**50***	50*	Mass market operation
Lavergem Holdings Limited	British Virgin Islands	Hong Kong	US$1	**100**	100	**–**	–	Investment holding
Nova Strategic Limited	British Virgin Islands	Macau	US$100	**–**	–	**100**	100	Investment holding***
Luck United Holdings Limited ("Luck United")	British Virgin Islands	Macau	US$10,000	**–**	–	**50***	50*	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

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 Directly 2009 %	Directly 2008 %	Indirectly 2009 %	Indirectly 2008 %	Principal activities
Pacific Strong Bases (Holding) Company Limited	Macau	Macau	MOP500,000	**-**	-	**50***	50*	Hotel operation
Precision Faith Limited	Macau	Macau	MOP100,000	**-**	-	**100**	100	VIP room operation and provision of gaming-related marketing and public relation services
Right Achieve Limited	British Virgin Islands	Macau	US$1	**-**	-	**50***	50*	Investment holding
Super Park Internation Company Limited	Macau	Macau	MOP25,000	**-**	-	**50***	50*	Holding and leasing of motor vehicles

* These companies are wholly-owned subsidiaries of Luck United. Luck United is regarded as a subsidiary of the Company 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.

** The registered capital of Emperor (Shanghai) Co., Ltd. 英皇(上海)有限公司 is US$45,000,000 (2008: US$45,000,000). As at 31st March, 2009, US$45,000,000 (31st March, 2008: US$33,000,000) had been contributed to this company.

*** The company was an investment holding company of the Group's hotel and gaming operations during the year ended 31st March, 2008 and has become inactive after the Group's restructuring in August 2008.

None of the subsidiaries of the Company issued any debt securities as at 31st March, 2009.

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

Financial Summary

For the year ended 31st March, 2009

RESULTS

	Year ended 31st March,				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**791,456**	1,271,429	1,310,007	345,796	18,236
Profit before taxation	**5,709**	333,563	443,220	410,153	17,161
Taxation	**(7,784)**	(33,642)	(34,102)	(51,886)	–
(Loss) profit for the year	**(2,075)**	299,921	409,118	358,267	17,161
Attributable to:					
Equity holders of the Company	**28,852**	202,458	272,493	166,794	17,596
Minority interests	**(30,927)**	97,463	136,625	191,473	(435)
	(2,075)	299,921	409,118	358,267	17,161

ASSETS AND LIABILITIES

	At 31st March,				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**3,195,763**	3,369,590	3,205,039	2,702,696	1,274,202
Total liabilities	**(1,018,488)**	(1,176,476)	(1,307,359)	(1,193,603)	(217,623)
Net assets	**2,177,275**	2,193,114	1,897,680	1,509,093	1,056,579
Attributable to:					
Equity holders of the Company	**1,716,846**	1,713,239	1,459,223	1,227,445	1,057,030
Minority interests	**460,429**	479,875	438,457	281,648	(451)
	2,177,275	2,193,114	1,897,680	1,509,093	1,056,579

Summary of Properties

At 31st March, 2009

Particulars of the Group's investment properties and property under development as at 31st March, 2009, 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	4,672	50
2.	Room 8 on 6th Floor and common area of the Grand Emperor Hotel, Macau	Commercial	6,268	50
3.	Rooms 6, 7 & 9 on 6th Floor and common areas of the Grand Emperor Hotel, Macau	Vacant	20,200	50
4.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	50
5.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	50

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 Yuyuan Jiedao 548 Jiefang 11/1 Qiu Huangpu District Shanghai, the PRC *(note (a))*	Commercial complex	246,173	1,298,500 (inclusive of 3 storeys basement)	Basement and foundation have been completed	In 2013	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 Hu Fang Di Huang Zi (2006) No. 007382 issued by Shanghai Housing and Land Resources Administration Bureau dated 10th November, 2006.