英皇集團（國際）有限公司
Emperor International Holdings Limited

70th Anniversary
EMPEROR GROUP
SINCE 1942

Incorporated in Bermuda with limited liability (Stock Code: 163)

ACCELERATING TO SUCCEED

ANNUAL REPORT 2011/2012

Contents

Corporate Information and Key Dates

Directors
Luk Siu Man, Semon* *(Chairperson)*
Wong Chi Fai *(Managing Director)*
Fan Man Seung, Vanessa *(Managing Director)*
Cheung Ping Keung
Chan Man Hon, Eric**
Liu Hing Hung**
Law Ka Ming, Michael**

* Non-executive Director
** Independent Non-executive Directors

Company Secretary
Liu Chui Ying

Audit Committee
Chan Man Hon, Eric *(Chairman)*
Liu Hing Hung
Law Ka Ming, Michael

Remuneration Committee
Liu Hing Hung *(Chairman)*
Wong Chi Fai
Law Ka Ming, Michael

Nomination Committee
Law Ka Ming, Michael *(Chairman)*
Fan Man Seung, Vanessa
Chan Man Hon, Eric

Corporate Governance Committee
Fan Man Seung, Vanessa *(Chairperson)*
Chan Man Hon, Eric
Liu Hing Hung
a representative from company secretarial function
a representative from finance and accounts function

Auditor
Deloitte Touche Tohmatsu

Investor Relations Contact
Luk Man Ching, Anna
Email: ir163@emperorgroup.com

Website
http://www.emperorinternational.com.hk

Stock Code
Hong Kong Stock Exchange: 163

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

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

Principal Bankers
Bank of Communication Co., Ltd.
Chong Hing Bank Limited
Hang Seng Bank Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited
Banco Weng Hang S.A.

American Depositary Bank
The Bank of New York Mellon
P.O. Box 358516
Pittsburgh, PA 15252-8516
USA

Key Dates

Annual Results Announcement	19th June, 2012
Book Close Dates	
– For AGM	7th August, 2012
– For Final Dividend	15th to 16th August, 2012
Record Dates	
– For AGM	7th August, 2012
– For Final Dividend	16th August, 2012
Annual General Meeting	8th August, 2012
Payment of Final Dividend	7th September, 2012 (HK$0.052 per share)

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


維壹
HARBOUR
ONE
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Financial Highlights

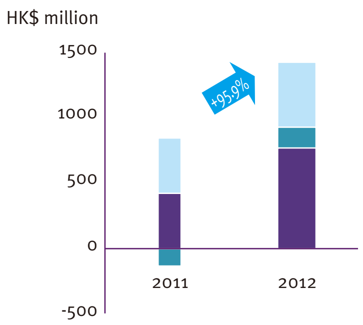
For the year ended 31st March

	2012 HK$'000	2011 HK$'000
Revenue		
Lease of properties	**489,968**	413,798
Properties development	**636,682**	20,759
Hotel and hotel related operations	**1,832,953**	1,350,290
Total revenue	**2,959,603**	1,784,847
Segment profit		
Lease of properties	**459,728**	392,670
Properties development	**154,784**	(111,650)
Hotel and hotel related operations	**711,160**	395,710
Total segment profit	**1,325,672**	676,730
Revaluation gain on properties	**3,976,215**	3,278,493
Profit for the year attributable to owners of the Company	**4,459,091**	3,444,702
Earnings per share		
Basic	**HK$1.22**	HK$1.00
Diluted	**HK$1.22**	HK$1.00

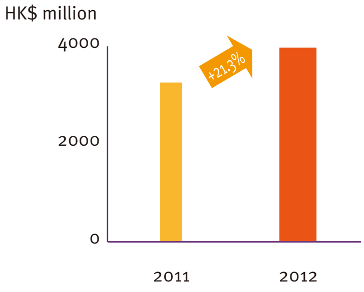
Financial Highlights

Total Revenue

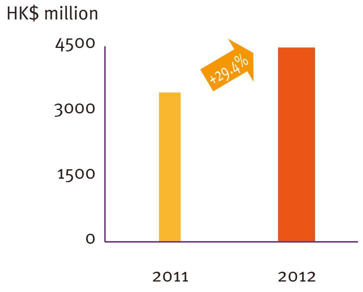
Total Segment Profit



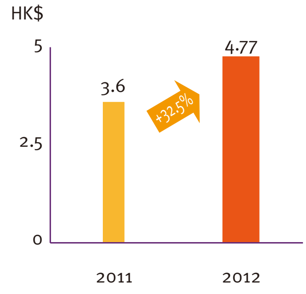
Revaluation Gain on Properties



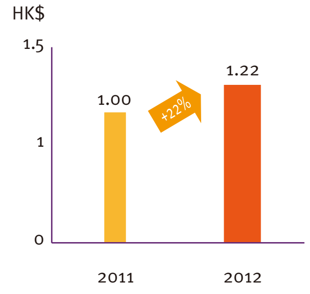
Net Profit



Net Asset Value Per Share



Earnings Per Share

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UPPER EAST
ISLAND, HONG KONG
18 Shing On Street, Shaukiwan, Hong Kong
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THE Prince PLACE
御・太子
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Kowloon City, Kowloon
www.theprinceplace.com

Management Discussion and Analysis

Emperor International Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) principally engages in property investments, property development and operation of hotels in Hong Kong, Macau and the People’s Republic of China (the “PRC”).

Market Review

The property market in Hong Kong has been conservative since the second quarter of 2011 amid heightened external uncertainties. Various measures were introduced by the government of Hong Kong and the PRC to cool down the property markets during the year ended 31st March, 2012 (“Year”). However, the general market conditions and demand for residential properties remained stable due to solid market fundamentals, high purchasing power, low levels of unemployment, low interest rates, together with rising construction costs.

On the other hand, with the ever-increasing number of mainland visitors arrival to Hong Kong in the recent years, the consumption power by mainland visitors continued to substantially escalate. Such growth greatly stimulated the local retail market, which provided strong support for the upward trend of the rental level in the prime shopping areas in Hong Kong.

Due to the steady growth of mainlanders’ disposable income and their frequent travelling between Hong Kong and the PRC, there have been more mainlanders relocating to Hong Kong. As well as the increase of living standard of local residents, the demand towards the luxury residential units continued to grow.

Financial Review

Overall Review

The Group had delivered strong performance in all business fronts for the Year, taking advantages of its strong business foundation and growth potential. During the Year, the Group reported total revenue of HK$2,959.6 million (2011: HK$1,784.8 million), representing a substantial increase of 65.8%. Rental income from investment properties recorded an increase of 18.4% to HK$490.0 million (2011: HK$413.8 million), taking up 16.6% (2011: 23.2%) of the Group’s total revenue. Since part of the sold units had been delivered to the customers during the Year, revenue from the property development rocketed nearly 30 folds to HK$636.7 million (2011: HK$20.8 million), representing 21.5% of the total revenue. The hospitality segment reported a revenue growth of 35.7%, to HK$1,833.0 million (2011: HK$1,350.3 million) and accounted for 61.9% of the total revenue.

Due to the asset appreciation of prime retail properties and sale of investment properties, the revaluation gain on properties during the Year increased to HK$3,976.2 million (2011: HK$3,278.5 million). The profit for the Year attributable to owners of the Company jumped 29.4% to HK$4,459.1 million (2011: HK$3,444.7 million).

Basic and diluted earnings per share were HK$1.22 (2011: HK$1.0) and HK$1.22 (2011: HK$1.0) respectively. The Group proposed a final dividend of HK$0.052 (2011: HK$0.052) per share. Together with the interim dividend of HK$0.05 per share, the total dividend per share for the Year was HK$0.102 (2011: HK$0.1).

Liquidity and Financial Resources

As at 31st March, 2012, the Group’s net asset value and net asset value per share amounted to HK$17,495.3 million (2011: HK$13,212.3 million) and HK$4.77 per share (2011: HK$3.6 per share) respectively. The Group owned key property portfolio of over 5 million square feet.

The Group has bank balances and cash amounted to HK$1,315.9 million as at 31st March, 2012 (2011: HK$1,097.1 million). The total external borrowings (excluding payables) amounted to approximately HK$10,263.5 million (2011: HK$8,551.8 million) and the Group maintained a debt to total asset ratio of 31.1% (2011: 33.8%) (measured by total external borrowings as a percentage to the total asset value of the Group). In addition to its share capital and reserves, the Group made use of cash flow generated from operations, bank borrowings and unsecured loans from a related company to finance its operation. The Group’s bank borrowings were denominated in Hong Kong dollars and Renminbi (“RMB”) and their interest rates followed market rates. The Group’s bank balances and cash were also denominated in Hong Kong dollars, RMB and Macau Pataca (“MOP”). Since RMB and MOP are relatively stable, the Group had no material exposure to fluctuations in exchange rates.

"Quality investment portfolio with a strong focus on high-end retail properties for a guaranteed and substantial rental income."

1. No. 8 Russell Street, Hong Kong
2. Fitfort Shopping Arcade, Hong Kong
3. Emperor Group Centre, Hong Kong

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Business Review

Despite the general property market was volatile during the Year, the Group was able to capture the market opportunities by participating in a market segment with higher growth. The Group firmly established a dual-engine business model. One is quality investment portfolio with a strong focus on high-end retail properties for guaranteed and substantial rental income while the other is urban redevelopment projects for higher visibility of earnings.

Investment Property

The overall occupancy rate of the Group's retail properties was over 99% during the Year, which is attributable to the prime locations of the majority of the Group's retail premises.

Hong Kong

The Group owns many premium investment properties with a strong focus on high-end street level retail space at the most renowned shopping districts in Hong Kong. Key investment properties include the retail shops located at ***Nos. 8, 20, 22-24 and 50-56 Russell Street, No. 76 Percival Street*** and ***Nos. 507 and 523 Lockhart Road*** in Causeway Bay, ***Nos. 4, 6 and 8 Canton Road*** and ***No. 81 Nathan Road*** in Tsim Sha Tsui, shopping mall at ***Emperor Group Centre*** in Wanchai, ***Fitfort Shopping Arcade*** in North Point and ***Emperor Plaza*** in Tsuen Wan (of which Emperor Plaza will be disposed by the end of November 2012). The significant rental growth, full occupancy rate and high capital appreciation once again demonstrate the Group's expertise on value enhancement for its investment properties through the strengths of the management execution.

At present, ***Russell Street***, Causeway Bay, is ranked as one of the top two most expensive shopping streets in the world in terms of rental price per square feet. The Group has the largest coverage at the street-level shops at Russell Street with a promising traffic, resulting in a notable surge in rental growth. Subsequent to the Year, the Group further extended its coverage nearby Russell Street and newly acquired the ***ground floor shop unit of No. 12 Matheson Street***, Causeway Bay. This acquisition further enhanced the quality of the Group's investment properties portfolio and consolidated its leading position on the premium retail shops.

The Pulse is a multi-functional beach-front leisure and recreation complex with a gross floor area of approximately 143,000 square feet in Repulse Bay, which is one of the famous tourist spots in the world and the most dazzling beach in Hong Kong. This project was virtually near completion during the Year. Subsequent to the Year, the legal proceeding of this project came to an end by agreeing the amount of land premium. This project is pending to be leased in the second half of 2012.

Macau

In Macau, the demolition work at ***Nos. 71-75 Avenida de Infant D Henrique & Nos. 514-520, 526-528, 532-540 Avenida de Praia Grande*** has been completed during the Year. It will be redeveloped into a multi-storey premium retail complex with a total gross floor area of approximately 30,000 square feet. It is expected that this corner site will be upgraded and signified as city-centre shopping spot in the Peninsula, a traditional gaming area in Macau. The Group will enjoy stable rental income and long-term rental increment on the intrinsic value of this property investment upon its completion in 2014.

The PRC

In the PRC, clearance work of the site along ***Chang'an Avenue East*** in Beijing has been completed subsequent to the Year. It is planned to be developed into a Grade-A office and retail tower with a total gross area of approximately 1,000,000 square feet. The tower will include multi-storey retail podium, entertainment hot spots and parking facilities, which will become another landmark building at the prominent street of the capital city in China.

Located in Yuyuan, Huangpu District, Shanghai, ***Emperor Star City*** will be developed into a shopping arcade and hotel or service apartment complex at the prime site adjacent to the Shanghai M10 subway route. Its foundation and basement excavation work for the development had been completed. With an expected total gross area of 1,300,000 square feet, the complex will include a multi-storey shopping arcade as its major component. The Group expects such project will generate substantial and stable rental revenue upon completion in the future.

Management Discussion and Analysis

Ms. Fan Man Seung, Vanessa, Managing Director (7th from left), Mr. Cheung Ping Keung, Executive Director (6th from left) and other management officiates the launching ceremony of the pre-sale programme of Harbour One with celebrity and artistes

Property Development

To capitalise on the growing demand for residential properties, the Group has commenced the pre-sale of ***Harbour One***, a sea-view luxury residential development in the Western District, and ***The Java***, a high-end multi-storey composite residential building in North Point before the Year, and ***18 Upper East***, a multi-storey composite residential building at the pop residential area in Sai Wan Ho during the Year.

Harbour One, which comprises a 38-storey luxury residential tower with 103 flats and a total gross area of approximately 140,000 square feet, is expected to be completed in 2012. Its pre-sale programme has been commenced in May 2010. As at 31st March, 2012, over 93% of its units have been sold at an average selling price of HK$15,300 per square feet. Its profit should be recognised in the financial year of 2012/2013.

The occupation permit for ***The Java***, which comprises a 32-storey building with 75 flats and 3 shops and a total gross area of approximately 69,000 square feet, was issued in October 2011. Its pre-sale has been commenced in July 2010. As at 31st March, 2012, over 95% of its units have been sold at an average selling price of HK$12,500 per square feet. Part of its profit has been recognised in the financial year of 2011/2012 and remaining profit will be recognised in the financial year of 2012/2013.

18 Upper East, Shing On Street, Sai Wan Ho, is a 34-storey composite building with a total of 108 flats and 7 shops and the total gross area of approximately 83,000 square feet. Its pre-sale has commenced in April 2011. As at 31st March, 2012, over 84% of its units have been sold at an average selling price of HK$11,200 per square feet. The project is expected to be completed in 2012 and its profit should be recognised in the financial year of 2012/2013.

"Speeding up property development cycle for unlocking asset values and higher visibility of earnings."

The Prince Place, a 24-storey composite building with a total of 36 residential units and 6 retail shops and the total gross area of approximately 31,000 square feet, has been available on sale in June 2012 after the issuance of an occupation permit in March 2012. It is located in Prince Edward Road West, Kowloon which is close to the Shatin-Central Rail Link. Its profit will be recognised in the financial year of 2012/2013.

Following the unification of title of the site located at ***Nos. 179-180 Connaught Road West & Nos. 345-345A Des Voeux Road West, Hong Kong*** (previously known as ***Cheung Ka Industrial Building***), the property is planned to be redeveloped into a luxury composite retail and residential building with a panoramic view of the Victoria Harbour of a total gross floor area amounting to approximately 185,000 square feet. Demolition work has been commenced during the Year and the entire project is expected to be completed in 2015.

To comply with the Group's market positioning and business focus, the site at **DD210** ***Ho Chung, Sai Kung*** will be developed into a luxury low-rise residential complex with a total gross floor area of approximately 26,000 square feet. It will be developed into 13 detached or semi-detached sea-view houses to meet the high demand of luxury low-rise residential properties with target completion in 2015.

Subsequent to the Year, the Group newly acquired a site at ***Tuen Mun Town Lot No. 436, Kwun Fat Street, Siu Lam, Tuen Mun***, with a total gross area of approximately 39,000 square feet. It will be developed into 16 low-rise detached or semi-detached houses with target completion in 2014.

Hotel Operations and Related Services

This section mainly includes the revenue derived from ***Emperor (Happy Valley) Hotel*** in Hong Kong and contributions made by ***Grand Emperor Hotel*** in Macau, whose income from hospitality and related services had been consolidated with the Group.

Emperor (Happy Valley) Hotel in Hong Kong generates revenue mainly from the hotel's accommodation services as well as the food and beverage services. During the Year, the Group had continuing to diversify its guest mix and put great weight in developing high-yield corporate customers.


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1. Emperor (Happy Valley) Hotel, Hong Kong
2. Grand Emperor Hotel, Macau


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Management Discussion and Analysis

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During the Year, the Group has secured, through Government tender, a prominent site at ***No. 373 Queen's Road East, Wanchai*** with the site area of approximately 8,000 square feet and construction area of approximately 116,000 square feet. Strategically located in the business district of Wanchai with easy access to public transportation, the site will be built as a premium 4-star hotel, which serves as an attractive alternative for business travellers and tourists in the region. Its site clearance work was completed during the Year. Expected to be completed by 2014, the premium 30-storey hotel with about 300 guestrooms will provide its guests a full-range of leisure, dining and parking facilities.

Outlook

Looking towards 2012, global market conditions are expected to continue to improve modestly, given that the Europe markets affected by sovereign debt problems are showing signs of stabilisation, and the U.S. overall economy is back on track for gradual growth as reflected by improvements in major economic indicators aided by low interest rates.

In line with the PRC's economic growth target of 7.5% per annum, the mainland's economy is expected to continue to expand solidly in 2012, although the pace may be slightly moderated. Hong Kong's gross domestic product ("GDP") growth will likely moderate in the coming year as well, but will remain positive due to the mainland's continued steady development which will provide solid support to the Hong Kong's economy. Hong Kong's sound economic fundamentals and its close proximity to the mainland as a high growth centre will be two strong pillars for its sustainable development.

Rental income from prime retail properties are expected to grow significantly due to the increase in tenants' business turnover benefited from the continuous consumption growth in mainland China. It is expected that ***The Pulse*** will bring a substantial and stable rental income to the Group in the financial year of 2012/2013 and onwards. Subsequent to the Year, Emperor Plaza was disposed at the cash consideration of HK$1,450 million.

The Group has taken a more pro-active approach for property development recently. The Group believes that the final completion of ***Harbour One, The Java, 18 Upper East*** and ***The Prince Place*** will further increase the earnings visibility. The Group is looking forward to receiving a remarkable profit from these projects in the financial year of 2012/2013. These projects only accounted for less than half of the Group's land bank in the segment of property development. Subsequent to sale of these projects, the Group will accelerate its development plan in the forthcoming years by utilising the existing land bank and acquiring new land reserve. The Group will continue to seek all opportunities to acquire more land bank in the future.

With the growing confidence of both end-users and investors, the Group will dedicate to secure a steady return rate from the sale of residential property development. The Group is planning to redevelop the ***Emperor (Happy Valley) Hotel*** into a luxury residential project with parking and clubhouse facilities, which will be a significant luxury residential property close to the well-known Happy Valley racecourse.

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1. The project at Avenida de Praia, Grande, Macau (image photo)
2. Emperor Star City, Shanghai (image photo)
3. Emperor Group Centre, Chang'an Avenue East, Beijing (image photo)
4. The Pulse, Hong Kong (image photo)

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The Group will continue to be cautious in seeking investment opportunities to enhance the shareholders' return. With its management execution strengths and market insights, the Group will strive to further enhance its competitive position and aim to become a key property player in the Greater China region.

Assets Pledged

As at 31st March, 2012, assets with carrying value of HK$22,327.9 million were pledged as security for banking facilities.

Contingent Liabilities

In July 2008, Gold Shine Investment Limited ("Gold Shine"), an indirectly held subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of interpretation of the government lease relating to its investment properties under development situated in Repulse Bay. A land premium may have to be paid to the government of the HKSAR in order for the properties to be rent out if the declarations sought were not granted to the Group. The court of first instance declined to grant the declarations sought. In January 2010, Gold Shine had lodged an appeal. In May 2012, Gold Shine had reached an agreement with the government of HKSAR on the amount of land premium, being HK$798,000,000. Accordingly, Gold Shine had obtained consent of dismissal from the government of HKSAR on 15th May, 2012 and obtained endorsement from the Hong Kong Court of Appeal on Request for Dismissal of Appeal by Consent on 18th May, 2012 that putting an end to the court proceedings. Land premium payable was recognised at 31st March, 2012 in respect to the agreed amount of land premium.

Employees and Remuneration Policy

The total cost incurred for staff including directors' emoluments amounted to HK$453.7 million during the Year (2011: HK$397.2 million). The number of staff was approximately 1,488 as at the end of the Year (2011: 1,332). All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 9th September, 2003. During the Year, no share option had been granted while 2,692,368 share options lapsed. The outstanding share options as at 31st March, 2012 was 37,693,161 share options (2011: 40,385,529 share options).

Management Discussion and Analysis

Social Responsibility

Together with its affiliated foundation Emperor Foundation, the Group has run a series of initiatives to maintain its focus on the well-being of the elderly and terminal patients during the Year. It started with a special screening of the movie "Beginning of the Great Revival" in June 2011 for senior citizens who are regular volunteers of St. James' Settlement to thank their previous efforts. Later in September, a team of volunteering staff was mobilized to spend a day with the residents of 2 Housing for the Elderly units operated by Helping Hands for a warm Mid-Autumn Festival celebration. On Senior Citizen's Day, which fell on 20th November, 2011, the same team accompanied more than 300 senior citizens to spend a relaxing day at an organic farm in Sheung Shui.

Over 40 staff members of the Group from Hong Kong, Beijing and Macau offices went to Shun Ping County, Hebei Province, as the Group's tradition of having a yearly outbound volunteering tour. They visited "Albert Yeung Sau Shing Charity Foundation (Shun Ping) Elderly Care Centre", an elderly home sponsored by the Emperor Group, and showed their concerns for the seniors there. The Group has also been a sponsor of Society for the Promotion of Hospice Care's annual fundraising event "Hike for Hospice" for the fifth consecutive year.

In recognition of its contribution to society, the Group was awarded the 5 Years Plus Caring Company Logo for the year 2011–2012 by Hong Kong Council of Social Service.

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1. Special Screening of "Beginning of the Great Revival" for Elderly volunteers
2. Mid Autumn Festival Celebration with Elderly
3. Visit to Elderly Centre in Shun Ping, Hebei
4. Hike for Hospice 2012

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Biographies of Directors and Senior Executives

Non-Executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 56, joined the Company in June 1999 and acts as the Chairperson of the Company. She graduated from The University of Toronto with a Bachelor's Degree in Commerce. Ms. Luk is also the non-executive director and chairperson of Emperor Entertainment Hotel Limited ("Emperor EH") (Stock Code: 296), a subsidiary of the Company. She worked in the banking industry for almost 10 years.

Executive Directors and Managing Directors

WONG CHI FAI, aged 56, joined the Company in 1991 and acts as the Managing Director of the Company. He is also a director of certain subsidiaries of the Company. He has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. He is a member of the Remuneration Committee of the Company. Mr. Wong is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of Emperor EH, Emperor Watch & Jewellery Limited ("Emperor W&J") (Stock Code: 887) and New Media Group Holdings Limited ("New Media Group") (Stock Code: 708). Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to property investment and development, hotel and hospitality, watch and jewellery retailing, entertainment as well as media.

FAN MAN SEUNG, VANESSA, aged 49, joined the Company in 1990 and acts as the Managing Director of the Company. She is also a director of certain subsidiaries of the Company. She has been responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. Ms. Fan is the chairperson of the Corporate Governance Committee and a member of the Nomination Committee. She is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. Ms. Fan is also a director of Emperor EH, Emperor W&J and New Media Group. Besides having over 23 years of corporate management experience, she possesses diversified experience in different businesses including property investment and development, hotel and hospitality, financial and securities operations, watch and jewellery retailing, entertainment as well as media.

Executive Director

CHEUNG PING KEUNG, aged 56, joined the Company in 2005 and was appointed as Executive Director of the Company in February 2007. He is also a director of certain subsidiaries of the Company. Mr. Cheung currently heads the Property Department and supervises all functions of the Property Department, including property acquisition, development, marketing and management. He graduated from University of London with a Bachelor's Degree (Hons) in Arts. He is a Chartered Valuation Surveyor and a Fellow of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. He is also an Accredited Canadian Appraiser. During the period from 1997 to 2005, Mr. Cheung was an executive director of Henderson Investment Limited (Stock Code: 97). He has over 36 years of experience in professional general practice surveying as well as property development and marketing in Hong Kong, Macau, Mainland China and Canada.

Biographies of Directors and Senior Executives

Independent Non-Executive Directors

CHAN MAN HON, ERIC, aged 55, was appointed as Independent Non-executive Director of the Company in February 2001. He is the Chairman of the Audit Committee as well as a member of the Nomination Committee and the Corporate Governance Committee of the Company. Mr. Chan graduated from the University of Hong Kong with a Bachelor's Degree in Laws in 1978. He also holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He is a practicing solicitor and a consultant of Vincent T.K. Cheung, Yap & Co. Currently, he is a non-executive director of Southeast Asia Properties & Finance Limited (Stock Code: 252) and an independent non-executive director of Global Bio-Chem Technology Group Company Limited (Stock Code: 809).

LIU HING HUNG, aged 48, was appointed as Independent Non-executive Director of the Company in September 2004. He is the Chairman of the Remuneration Committee as well as a member of the Audit Committee and the Corporate Governance Committee of the Company. Mr. Liu holds a Master's Degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong and also a member of the Society of Chinese Accountants and Auditors. He now runs a professional accountancy firm in Hong Kong and has over 10 years of experience in accounting, taxation, auditing and corporate finance. He is also an independent non-executive director of SIM Technology Group Limited (Stock Code: 2000).

LAW KA MING, MICHAEL, aged 51, was appointed as Independent Non-executive Director of the Company in June 2008. He is the Chairman of the Nomination Committee as well as a member of the Audit Committee and Remuneration Committee of the Company. Mr. Law holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He is a Chartered Quantity Surveyor of the Royal Institution of Chartered Surveyors. He has more than 20 years of experience in hotel development, corporate management in logistic management services and trading of building material.

Directors' Report

The directors of the Company (the "Directors" or the "Board") is pleased to present their annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 50 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 44.

The dividend paid during the Year and proposed to be paid for the Year are set out in note 14 to the consolidated financial statements. The Directors recommend the payment of a final dividend of HK$0.052 (2011: HK$0.052) per share for the Year, amounting to approximately HK$190.7 million (2011: HK$190.7 million) subject to the approval of the shareholders of the Company at the forthcoming annual general meeting on 8th August, 2012 (Wednesday).

INVESTMENT PROPERTIES

During the Year, the Group acquired investment properties at a cost of approximately HK$2,396,545,000 and incurred costs of approximately HK$1,051,992,000 to investment property under construction.

At 31st March, 2012, the Group revalued all of its investment properties on an open market value basis. The increase in fair value amounting to approximately HK$3,975,065,000 has been credited to the consolidated statement of comprehensive income.

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

A summary of major investment properties of the Group is set out on pages 119 to 123.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK$103,262,000 and incurred costs of approximately HK$659,541,000 to hotel property under construction.

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

SHARE CAPITAL

Details of movements during the Year in the share capital of the Company are set out in note 38 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 47 and 48.

Directors' Report

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 *(Managing Director)*
Fan Man Seung, Vanessa *(Managing Director)*
Cheung Ping Keung
Mok Fung Lin, Ivy (resigned on 1st July, 2011)

Independent Non-executive Directors:

Chan Man Hon, Eric
Liu Hing Hung
Law Ka Ming, Michael

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

In accordance with Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Mr. Cheung Ping Keung, Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael will retire by rotation at the forthcoming annual general meeting. Mr. Cheung Ping Keung and Mr. Liu Hing Hung, being eligible, offer themselves for re-election while Mr. Law Ka Ming, Michael, will retire but does not offer himself for re-election thereat.

Each of the Non-executive Directors has entered into a service agreement with the Company in relation to his/her service as Non-executive/Independent Non-executive Director of the Company for an initial term of one year commencing from 1st January, 2008 (except for Mr. Law Ka Ming, Michael whose term shall commence from 25th June, 2008 up to 31st December, 2008) and will continue thereafter until being terminated by notice in writing served by either party.

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

At 31st March, 2012, 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 any of its associated corporations of the Company (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 of Hong Kong Limited (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") were as follows:

(a) Long position in shares and underlying shares in the Company

(i) Ordinary shares of HK$0.01 each (the "Shares") of the Company

Name of Director	Capacity/ Nature of interests	Number of ordinary shares held	Approximate % holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk")	Interest of spouse	2,747,610,489 *(Note 1)*	74.93%

(ii) Share options

Name of Director	Capacity/ Nature of interests	Number of underlying shares held	Approximate % holding
Mr. Wong Chi Fai	Beneficial owner	16,154,212 *(Note 2)*	0.44%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	Beneficial owner	16,154,212 *(Note 2)*	0.44%
Mr. Cheung Ping Keung	Beneficial owner	5,384,737 *(Note 2)*	0.15%

Notes:

1. Out of a total of 2,747,610,489 Shares, 2,747,493,823 Shares were held by Charron Holdings Limited ("Charron") (renamed as Emperor International Group Holdings Limited) which was wholly-owned by Million Way Holdings Limited ("Million Way") (renamed as Albert Yeung Holdings Limited), which was in turn wholly-owned by STC International Limited ("STC International"), the trustee of The Albert Yeung Discretionary Trust (the "AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the said Shares held by Charron. The remaining 116,666 Shares were owned by Dr. Albert Yeung in his own name. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.

2. The share options were granted to Directors under the share option scheme of the Company. As a result of the bonus issue made on 7th March, 2011, the exercise price and the number of underlying shares under the share options granted were adjusted with effect from the same date.

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

(b) Long position interests in associated corporations

(i) Ordinary shares

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of issued ordinary shares held	Approximate % holding
Ms. Semon Luk	Emperor EH	Interest of spouse	794,912,845 *(Note 1)*	61.50%
Ms. Semon Luk	Emperor W&J	Interest of spouse	3,565,450,000 *(Note 2)*	53.07%
Ms. Semon Luk	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,576,668,907 *(Note 3)*	60.70%
Ms. Semon Luk	New Media Group	Interest of spouse	453,080,000 *(Note 4)*	52.44%

(ii) Share options

Name of Director	Name of associated corporation	Capacity/ Nature of interests	Number of underlying shares held	Approximate % holding
Mr. Wong Chi Fai	Emperor EH	Beneficial owner	5,000,000 *(Note 5)*	0.39%
Ms. Vanessa Fan	Emperor EH	Beneficial owner	5,000,000 *(Note 5)*	0.39%

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

(b) Long position interests in associated corporations *(continued)*

Notes:

1. Emperor EH is a company with its shares listed in Hong Kong and a subsidiary of the Company. These shares in Emperor EH were held by Worthly Strong Investment Limited ("Worthly Strong") (renamed as Emperor Entertainment Hotel Holdings Limited) which is an indirect wholly-owned subsidiary of the Company. 2,747,493,823 Shares of the Company were held by Charron, representing approximately 74.93% of the issued share capital of the Company. The entire issued share capital of Charron was held by Million Way which in turn was wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the shares held by Worthly Strong in Emperor EH and the entire share capital of Charron and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.

2. Emperor W&J is a company with its shares listed in Hong Kong. These shares in Emperor W&J were held by Allmighty Group Limited ("Allmighty Group") (renamed as Emperor Watch & Jewellery Group Holdings Limited). Allmighty Group was wholly-owned by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares and the entire share capital of Allmighty Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

3. Emperor Capital Group is a company with its shares listed in Hong Kong. These shares in Emperor Capital Group were held by Win Move Group Limited ("Win Move") (renamed as Emperor Capital Group Holdings Limited). Win Move was wholly-owned by Million Way which was in turn wholly-owned by STC International, the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares and the entire share capital of Win Move. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

4. New Media Group is a company with its shares listed in Hong Kong. These shares in New Media Group were held by Velba Limited ("Velba") (renamed as New Media Group Investment Limited), Velba was wholly-owned by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in these shares and the entire share capital of Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

5. These were share options granted to the directors of Emperor EH (also as Directors of the Company) under the share option scheme of Emperor EH.

Save as disclosed above, as at 31st March, 2012, none of the Directors or chief executives had any interests or short positions in any Shares, underlying Shares or 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 9th September, 2003. Particulars of the Scheme and summary of the number of share options are set out in note 39 to the consolidated financial statements.

A summary of the number of share options outstanding during the Year is set out as follows:

Director	Date of grant	Exercise period	Exercise price HK$	Outstanding at 1st April, 2011	Lapsed during the Year	Outstanding at 31st March, 2012
Mr. Wong Chi Fai	11.8.2005	11.8.2005 to 10.8.2015	1.746	10,769,475	–	10,769,475
	28.1.2008	28.1.2008 to 27.1.2013	2.702	5,384,737	–	5,384,737
Ms. Vanessa Fan	11.8.2005	11.8.2005 to 10.8.2015	1.746	10,769,475	–	10,769,475
	28.1.2008	28.1.2008 to 27.1.2013	2.702	5,384,737	–	5,384,737
Mr. Cheung Ping Keung	28.1.2008	28.1.2008 to 27.1.2013	2.702	5,384,737	–	5,384,737
Ms. Mok Fung Lin, Ivy *(Note)*	28.1.2008	28.1.2008 to 27.1.2013	2.702	2,692,368	(2,692,368)	–

Note: The share options of Ms. Mok Fung Lin, Ivy lapsed subsequent to her resignation as Director of the Company on 1st July, 2011.

During the Year, no option was granted, exercised nor cancelled under the Scheme.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2012, 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) had, or were deemed or taken to have an interest and short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long position in the Shares of the Company

Name of shareholder	Capacity/nature of interests	Number of issued shares held	Approximate % holding
Charron	Beneficial owner	2,747,493,823	74.93%
Million Way	Interest in a controlled corporation	2,747,493,823	74.93%
STC International	Trustee	2,747,493,823	74.93%
Dr. Albert Yeung	Founder of a discretionary trust/ Beneficial owner	2,747,610,489	74.93%

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS *(continued)*

Note: The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, the trustee of the AY Trust. STC International and Dr. Albert Yeung were the trustee and founder of the AY Trust respectively. By virtue of the SFO, each of Million Way, STC International and Dr. Albert Yeung had deemed interests in the shares held by Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the 2,747,610,489 Shares held by Dr. Albert Yeung. The said 2,747,610,489 Shares were the same shares as those set out under Section (a)(i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 31st March, 2012, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had any 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at 31st March, 2012, the interests of Directors or their respective associates in the businesses which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

Name	Name of Company	Nature of interests	Competing business
Ms. Semon Luk, and her associate	Certain subsidiaries of the AY Trust of which Dr. Albert Yeung, associate of Semon Luk, was the founder	Substantial shareholder	Property development and investment
Ms. Vanessa Fan, and her associate	Bacchus International Limited and its subsidiaries	Director and substantial shareholder	Property investment
Mr. Wong Chi Fai and his associate	Wintex Services Limited	Substantial shareholder	Property investment

No non-competition undertaking was given by the above Directors. The properties held by the Group are mainly for commercial purpose while those held by the above Directors and/or their associate(s) are mainly for residential purpose.

Save as disclosed above, as at 31st March, 2012, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group's transactions with Directors or companies in which certain Directors have beneficial interests are set out as follows:

CONNECTED TRANSACTION

Disposal of mortgage loans to a related company

On 17th October, 2011, Brightwing Development Limited (being an indirect associate of the Company), Circle World Limited (being an indirect subsidiary of the Company) and Emperor Financial Management Limited (being an indirect wholly-owned subsidiary of the Company) entered into three respective sale and purchase agreements with Emperor Finance Limited, a company indirectly wholly-owned by Emperor Capital Group, a company controlled by the AY Trust which is a deemed substantial shareholder of the Company, for the disposal of mortgage loans at a total consideration of approximately HK$21,965,000. The transaction was completed on 30th March, 2012.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected persons as defined in the Listing Rules:

A. Leasing of properties – Operating lease rental received

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(1)	Emperor Connection Limited *(note 1)*	31st March, 2010	27/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong ("EGC")	1st April, 2010 – 31st March, 2013	2,796
(2)	Strong Time Investments Limited ("Strong Time") (renamed as Emperor Agency Limited) *(note 2)*	31st March, 2010	Unit 801, EGC	1st April, 2010 – 31st March, 2012	558
(3)	Strong Time *(note 2)*	30th September, 2011	Unit 1702, 17/F, EGC	3rd October, 2011 – 30th November, 2013	145
(4)	Strong Time *(note 2)*	6th January, 2009	Units 1703, 1704, 1706 and 1707, 17/F, EGC	1st December, 2008 – 30th November, 2011	910
(5)	Strong Time *(note 2)*	6th January, 2009	Unit 1705, 17/F, EGC	1st April, 2009 – 30th November, 2011	162
(6)	Strong Time *(note 2)*	30th September, 2011	Units 1703-1707, 17/F, EGC	1st December, 2011 – 30th November, 2013	613
(7)	Strong Time *(note 2)*	31st March, 2010	23/F and Unit A, 28/F, EGC	1st April, 2010 – 31st March, 2012	4,032
(8)	Emperor Bullion Investment (Asia) Limited ("Emperor Bullion") *(note 2)*	31st March, 2010	Unit 601, EGC	1st April, 2010 – 31st March, 2013	504

CONTINUING CONNECTED TRANSACTIONS *(continued)*

A. Leasing of properties – Operating lease rental received *(continued)*

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(9)	Emperor Bullion *(note 2)*	31st March, 2011	Shops 2-6, G/F, 1/F and canopy adjacent thereto, 2/F, reserved flat roof portion, first and second advertising walls, East Ocean Court, 525 Shanghai Street, Mongkok, Kowloon	1st April, 2011 – 31st March, 2014	3,903
(10)	Beauty Royal Limited ("Beauty Royal) *(note 3)*	31st March, 2011	Shops A, D2 and E2, G/F, Harilea Mansion, 81 Nathan Road, Hong Kong	1st April, 2011 – 31st March, 2014	12,600
(11)	Beauty Royal *(note 3)*	30th March, 2010	Shops G03-05, G/F, EGC	1st April, 2010 – 31st March, 2013	5,040
(12)	Beauty Royal *(note 3)*	16th December, 2011	Unit 1505, 15/F, EGC	1st January, 2012 – 31st December, 2013	75
(13)	Beauty Royal *(note 3)*	30th March, 2010	Units 2501-5, 25/F, EGC	1st April, 2010 – 31st March, 2013	2,186
(14)	Beauty Royal *(note 3)*	14th September, 2010	Unit 2507, 25/F, EGC	13th September, 2010 – 31st March, 2013	635
(15)	Beauty Royal *(note 3)*	25th June, 2010	Shops 1 & 2, G/F, 8 Russell Street, Causeway Bay, Hong Kong (together with the right to use three outdoor advertising signs)	1st September, 2010 – 31st August, 2013 (early terminated on 30th November, 2011)	10,800
(16)	Beauty Royal *(note 3)*	29th November, 2011	Shops 1 & 2, G/F, 8 Russell Street, Causeway Bay, Hong Kong (together with the right to use three outdoor advertising signs and signage space A on 1/F)	1st December, 2011 – 30th November, 2014	7,945
(17)	Beauty Royal *(note 3)*	29th November, 2011	The signage space B at the external wall on 1/F, 8 Russell Street, Causeway Bay, Hong Kong	30th November, 2011– 29th November, 2014	1,008
(18)	Beauty Royal *(note 3)*	25th May, 2011	Shops 3 & 5, G/F, 8 Russell Street, Causeway Bay, Hong Kong	30th November, 2011– 29th November, 2014	8,134

CONTINUING CONNECTED TRANSACTIONS *(continued)*

A. Leasing of properties – Operating lease rental received *(continued)*

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(19)	Beauty Royal *(note 3)*	30th June, 2011	G/F and 1/F, 24 Russell Street, Hong Kong	10th July, 2011– 18th October, 2011	5,396
(20)	Beauty Royal *(note 3)*	30th June, 2011	G/F and 1/F, 24 Russell Street, Hong Kong	19th October, 2011– 9th July, 2014	8,073
(21)	Beauty Royal *(note 3)*	29th November, 2011	The signboard on external wall, 22-24 Russell Street, Causeway Bay, Hong Kong	1st December, 2011 – 30th November, 2013	280
(22)	Beauty Royal *(note 3)*	16th May, 2008	Ground Floor, (Shop A including the yard), and Office A (50 Russell Street) on 1/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	1st July, 2008 – 30th June, 2011	1,983
(23)	Beauty Royal *(note 3)*	25th May, 2011	Ground Floor, (Shop A including the yard), and Office A (50 Russell Street) on 1/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	1st July, 2011 – 30th June, 2014	11,825
(24)	Beauty Royal *(note 3)*	23rd October, 2008	G/F, M/F, 54 & 56 Russell Street together with the right to use a LED display on external wall from 2/F – 5/F facing Russell Street and an advertising signboard on roof facing Tang Lung Street, Hong Kong	23rd October, 2008 – 22nd October, 2011	15,935
(25)	Beauty Royal *(note 3)*	25th May, 2011	G/F, M/F and Flat A and Flat B on 1/F including the Flat Roof, 54 & 56 Russell Street together with the right to use a LED display on external wall from 1/F – 5/F facing Russell Street and an advertising signboard facing Russell Street and Tang Lung Street, Causeway Bay, Hong Kong	23rd October, 2011 – 22nd October, 2014	21,661
(26)	Beauty Royal *(note 3)*	27th January, 2010	Ground Floor (Shop B including the yard), Office B and the Balcony adjacent thereto on 1/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	9th February, 2010 – 22nd October, 2011	11,491

CONTINUING CONNECTED TRANSACTIONS *(continued)*

A. Leasing of properties – Operating lease rental received *(continued)*

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(27)	Beauty Royal *(note 3)*	25th May, 2011	Ground Floor (Shop B including the yard), Office B and the Balcony adjacent thereto on 1/F and Office B and the Balcony adjacent thereto on 2/F, Tak Fat Building, 50-52 Russell Street, Causeway Bay, Hong Kong	23rd October, 2011 – 22nd October, 2014	170
(28)	Beauty Royal *(note 3)*	31st March, 2009	G/F, 4 Canton Road, Kowloon, Hong Kong	1st May, 2009 – 30th April, 2012 *(note 5)*	5,267
(29)	Beauty Royal *(note 3)*	15th December, 2011	G/F and 1/F, Tenement A and B on 3/F, Portion A of Tenement A on 4/F and roof and Four outdoor advertising signs on the external walls, 4-8 Canton Road, Kowloon, Hong Kong	4th January, 2012 – 3rd January, 2015 *(note 5)*	15,350
(30)	Beauty Royal *(note 3)*	31st August, 2010	The advertising signage space at the external wall of Tenement A, 4/F, 4 Canton Road, Hong Kong	1st September, 2010 – 31st August, 2012 *(note 5)*	218
(31)	Beauty Royal *(note 3)*	31st August, 2010	Portion A, 1/F, 4 Canton Road, Kowloon, Hong Kong	1st September, 2010 – 15th June, 2013 *(note 5)*	166
(32)	Moral Step Limited ("Moral Step") *(notes 3)*	31st August, 2010	Portion of the whole of 1/F, 4 Canton Road, Kowloon, Hong Kong	16th June, 2010 – 15th June, 2013 *(note 5)*	2,183
(33)	Moral Step *(notes 3)*	31st August, 2010	Store room, G/F, 4 Canton Road, Kowloon, Hong Kong	16th June, 2010 – 15th June, 2013 *(note 5)*	87
(34)	EWJ Watch and Jewellery Company Limited ("EWJ Macau") *(note 3)*	28th June, 2011	EM Macau, Avenida De Infante D., Henrique Nos. 67-69, Res-Do-Chao B & EM Macau, Rua Dr., Pedro Jose Lobo No. 5, Res-Do-Chao C2, Macau	1st July, 2011 – 30th June, 2014	3,098
(35)	EWJ Macau *(note 3)*	28th June, 2011	EM Macau, Avenida De Infante D., Henrique No. 65-A, lo Andar B	1st August, 2011 – 30th June, 2014	57

CONTINUING CONNECTED TRANSACTIONS *(continued)*

A. Leasing of properties – Operating lease rental received *(continued)*

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(36)	EWJ Macau *(note 3)*	28th June,2011	Shop 5, G/F Grand Emperor Hotel	1st July, 2011 – 30th June, 2014	1,635
(37)	EWJ Macau *(note 3)*	25th March,2009	Shop 1-4, G/F Grand Emperor Hotel	1st April,2009 – 31st March, 2012	2,703
(38)	Perfect Perform Limited ("Perfect Perform") *(note 3)*	20th July, 2010	Projected signage space at the external wall of 3/F, Tenement A, 4 Canton Road, Kowloon, Hong Kong	1st August, 2010 – 31st July, 2012 *(note 5)*	182
(39)	Perfect Perform *(note 3)*	20th July, 2010	The external signage space at the external wall of 3/F, Tenement A, 4 Canton Road, Kowloon, Hong Kong	1st August, 2010 – 31st July, 2012 *(note 5)*	218
(40)	Perfect Perform *(note 3)*	20th July, 2010	Tenement A, 3/F, 4 Canton Road, Kowloon, Hong Kong	1st August, 2010 – 31st July, 2012 *(note 5)*	109
(41)	Perfect Perform *(note 3)*	27th May, 2009	G/F, 6 – 8 Canton Road, Kowloon, Hong Kong	1st August, 2010 – 31st July, 2012 *(note 5)*	13,008
(42)	Profit Broad Development Limited ("Profit Broad") *(note 4)*	28th February, 2011	Unit 1702, 17/F, EGC	1st March, 2011 – 28th February, 2013 (early terminated on 16th September, 2011)	133
(43)	Profit Broad *(note 4)*	31st August, 2011	Unit 603, 6/F, EGC	15th October, 2011 – 14th September, 2013	100
(44)	Profit Broad *(note 4)*	31st August, 2011	Unit 1605, 16/F and Unit 2006, 20/F, EGC	15th September, 2011 – 14th September, 2013	389
(45)	Profit Broad *(note 4)*	31st August, 2011	Unit 606, 6/F, EGC	15th September, 2011 – 14th September, 2013	210
(46)	Profit Broad *(note 4)*	28th February, 2011	24/F, EGC	1st April, 2011 – 31st March, 2014	3,080

CONTINUING CONNECTED TRANSACTIONS *(continued)*

A. Leasing of properties – Operating lease rental received *(continued)*

	Name of counterparty	Date of agreement	Location	Terms	Amount for the year ended 31st March, 2012 (HK$'000)
(47)	Global Food Culture Trading Limited ("Global Food Culture") *(note 1)*	29th April, 2011	Unit 2007, 20/F, EGC	1st May, 2011– 30th April, 2013	426
(48)	Global Food Culture *(note 1)*	1st April,2010	Unit 2001,20/F, EGC	1st April,2010– 31st March,2012	604
(49)	Ulferts of Sweden (Far East) Limited ("Ulferts") *(note 1)*	27th March, 2009	Shops 7-11, G/F, 1/F – 5/F, Wei King Building, 275 Chatham Road North, Kowloon, Hong Kong	1st April, 2009 – 31st March, 2012	4,182
(50)	Ulferts *(note 1)*	27th March, 2009	M/F, 1/F to 9/F and 17 parking spaces (excluding nos. 9 and 10) on Ground Floor, 4 Kin Fat Lane, Tuen Mun, New Territories, Hong Kong	1st April, 2009 – 31st March, 2012	5,593
(51)	Ulferts *(note 1)*	1st April,2010	Room 1206-7, EGC	1st April, 2010 – 31st March, 2012	742

Notes:

(1) Emperor Connection Limited, Global Food Culture and Ulferts are indirectly wholly-owned by the AY Trust, the founder of which is Dr. Albert Yeung being a deemed substantial shareholder of the Company and the spouse of Ms. Semon Luk, a Director of the Company.

(2) Strong Time and Emperor Bullion were indirectly wholly-owned by a discretionary trust set up by an associate of Dr. Albert Yeung being a deemed substantial shareholder of the Company up to 31st December, 2011. Thereafter, they are indirectly wholly-owned by the AY Trust.

(3) Beauty Royal, Moral Step, EWJ Macau and Perfect Perform are subsidiaries of Emperor W&J, the substantial shareholder of which is indirectly controlled by the AY Trust.

(4) Profit Broad is a wholly-owned subsidiary of Emperor Capital Group, the substantial shareholder of which is indirectly controlled by the AY Trust.

(5) On 15th December, 2011, Gold Pleasure Investment Limited ("Gold Pleasure"), Total Treasure Investment Limited ("Total Treasure") and Happy Rain Limited ("Happy Rain") (indirect wholly-owned subsidiaries of the Company) as landlords and Beauty Royal, Moral Step and Perfect Perform as tenants have entered into the termination agreement in relation to the termination of each of the respective agreements effective on 3rd January, 2012. On the same day, Gold Pleasure, Total Treasure, Happy Rain and Gold Cheer Corporation Limited (indirect wholly-owned subsidiary of the Company) entered into tenancy agreement with Beauty Royal in relation to the tenancies of the properties effective on 4th January, 2012.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

B. Consultancy agreement with Group Consultant

As announced on 25th July, 2011, a wholly-owned subsidiary of the Company entered into an Accommodation Contract on 22nd July, 2011 with Dr. Albert Yeung, the deemed controlling shareholder of the Company, pursuant to which the Group would provide him and his associates (including Ms. Semon Luk, the Chairperson of the Company, being the spouse of Dr. Albert Yeung who has not been receiving any emolument from the Group for his consultancy services rendered since 1st April, 2002) the exclusive right to use and occupy the furnished quarter located at No.2 Belleview Drive, Hong Kong as rent-free quarter (including related expenses in relation to the usage of the property) as his emolument for his services as a consultant of the Group for a period from 22nd July, 2011 to 31st March, 2014. The market rental value calculated by an independent firm of professional valuers not connected to the Group and related expense of the quarter up to 31st March, 2012 was approximately HK$6,054,000.

The consultancy services provided by Dr. Albert Yeung benefit the Group in overall strategic planning and business development of the Company as well as business liaisons. Being one of the senior executives of the Group, Dr. Albert Yeung is also entitled to enjoy the fringe benefits offered by the Group, including the non-exclusive use of motor vehicles, yachts, club debentures and membership.

C. Service agreement in relation to the operation of the Grand Emperor Hotel

Date of agreement

19th February, 2010

Name of parties

(1) Tin Hou Limited ("Tin Hou"), a company incorporated in Macau, an indirect wholly-owned subsidiary of the Company; and

(2) Sociedade de Jogos de Macau, S.A., ("SJM"), a company incorporated in Macau, which is principally engaged in gaming business in Macau and is one of the six concessionaires/sub-concessionaries licensed to carry on casino operations in Macau. SJM has 19.99% equity interest in Luck United Holdings Limited, an indirect non-wholly owned subsidiary of the Company.

Nature of transaction

The provision of services comprising management services and promotion services by Tin Hou to SJM in relation to the operation of the Grand Emperor Hotel whereas Tin Hou together with the nominated junket promoter (a fellow subsidiary of Tin Hou and wholly-owned by Emperor EH) shall be entitled to a share of the gross win and gross loss in respect of the monthly operating performance of the gaming area of the Grand Emperor Hotel.

Terms

From 1st October, 2009 to termination upon occurrence of certain events, including the expiration of SJM's gambling license under the Gaming Concession Contract on 31st March, 2020 or any earlier termination thereof.

Amount for the year ended 31st March, 2012

During the Year, the Group's net receipt under the agreement amount to HK$1,510,285,054.

Save for "Disposal of mortgage loans to a related company" in the amount of approximately HK$21,163,000 for the Year and "Rental income from related companies" in the amount of HK$201,543,000 for the Year as shown in note 47 – "Related party transactions" to the consolidated financial statements which constituted connected transactions of the Company under Chapter 14A of the Listing Rules, all other transactions as shown in note 47 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33/14A.65(4) of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

CONTINUING CONNECTED TRANSACTIONS *(continued)*

Auditor's letter on continuing connected transactions

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

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

(2) are entered into, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Group;

(3) have been entered into, in all material respects, in accordance with the terms of the relevant agreements governing such transactions; and

(4) have not exceeded the maximum aggregate annual value for the Year disclosed in previous announcements made by the Company in respect of each of the Disclosed CCTs.

Confirmation of Independent Non-executive Directors

Pursuant to rule 14A.37 of the Listing Rules, the independent non-executive Directors have reviewed the Disclosed CCTs and the letter from the auditor and have confirmed that the transactions have been entered into by the Group:

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

(2) on normal commercial terms, and

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

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EMOLUMENT POLICY

The emoluments of the Executive Directors are decided by the Remuneration Committee having regard to a written remuneration policy (which ensures a clear link to business strategy and a close alignment with the shareholders' interest and current best practice), the Group's operating results, individual performance and comparable market statistics. The Independent Non-executive Directors are paid fees in line with market practice. No individual should determine his or her own remuneration.

The emoluments of the employees of the Group are based on their performance, qualifications, competence displayed, market comparables and the performance of the Group.

Remuneration package includes basic salaries, Directors' fees, housing allowances, contribution to pension schemes, bonus relating to the profit of the Group, ad hoc rewards, performance related incentive payment, share-based payments and other benefits. To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options granted under the Scheme adopted by the Company effective on 9th September, 2003, details of which are set out in note 39 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in note 12 to the consolidated financial statements.

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 provision 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.

DISTRIBUTABLE RESERVES OF THE COMPANY

The contributed surplus of the Company represents the aggregate of (a) the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991; (b) the surplus arising on reduction of share capital effective in March 2003 and (c) the subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus.

Under the Companies Act in 1981 of Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot 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, 2012 represented the aggregate of contributed surplus and accumulated profits amounting to HK$2,826,977,000 (2011: HK$2,787,971,000).

DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK$610,000.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented 63% of the Group's total revenue. The largest customer accounted for 55% to the Group's total revenue.

During the Year, the aggregate amount of purchases and services received attributable to the Group's five largest suppliers represented 26% of the Group's total purchases and services received. The largest supplier accounted for 8% to the Group's total purchases and services received.

None of the Directors, their associates, or any shareholders which, to the knowledge of the Directors, owning more than 5% of the Company's issued share capital, had a beneficial interest in the share capital of any of the above major customers or suppliers of the Group.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 36 to 41.

SUFFICIENCY OF PUBLIC FLOAT

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

Directors' Report

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occuring after the reporting period are set out in note 48 to the consolidated financial statements.

AUDITOR

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

On behalf of the Board

Luk Siu Man, Semon

Chairperson

Hong Kong

19th June, 2012

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 then Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the Year.

THE BOARD

Board Composition

As at 31st March, 2012, the Board comprised seven Directors, with 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 17 to 18 of this report under the "Biographies of Directors and Senior Executives" Section.

Roles and Responsibilities of the Board

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.

Management Functions

Ms. Luk Siu Man, Semon has been appointed as the Chairperson since 1999. The Chairperson, with the assistance of the Company Secretary, is responsible for setting the agenda for each Board meeting, taking into account any matters proposed by the Directors. With the support of the Company Secretary, the Chairperson also ensures that all Board members work effectively and discharge their responsibility by providing timely, reliable and sufficient information on issues to be discussed at each Board meeting. All Board members are properly briefed on the issues to be discussed and the meeting materials are dispatched to the Directors before the meetings.

The experienced management team under the leadership of two Managing Directors implements the decisions from the Board, manages the businesses of the Group within the delegated power and authority by the Board and proposes management and investment proposals for the Board to approve. The team assumes full accountability to the Board for the operations of the Group.

Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with valuable experience and expertise in legal, accounting and corporate management in business areas who would contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them is appointed for an initial term of one year up to 31st December, 2008 (the initial term of Mr. Law Ka Ming, Michael was started from 25th June, 2008) and continued thereafter on a yearly basis subject to early termination with written notice being served by either party.

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

Training and Support of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors of the Company. All Directors have been updated on the latest developments regarding the Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. Appropriate insurance cover had been arranged by the Company in respect of legal action against its Directors.

Corporate Governance Report

Board and Committee Meetings

The attendance of Directors at the Board and Committee Meetings during the Year is set out below:

	Meetings attended/held		
Name of Directors	Board	Audit Committee	Remuneration Committee
Non-executive Director			
Luk Siu Man, Semon *(Chairperson)*	11/11	–	–
Executive Directors			
Wong Chi Fai *(Managing Director)* Note 1	11/11	–	2/2
Fan Man Seung, Vanessa *(Managing Director)*	11/11	–	–
Cheung Ping Keung	11/11	–	–
Mok Fung Lin, Ivy *(resigned on 1st July, 2011)*	2/2	–	–
Independent Non-executive Directors			
Chan Man Hon, Eric Note 2	11/11	3/3	–
Liu Hing Hung Note 1	10/11	3/3	2/2
Law Ka Ming, Michael	11/11	3/3	2/2

Notes:

1 With effect from 28th March, 2012, Mr. Wong Chi Fai ceased to be the Chairman of Remuneration Committee and Mr. Liu Hing Hung was appointed to take up his position.

2 Chairman of Audit Committee

Regular Board meetings were held at approximately quarterly interval. The Board held eleven board meetings during the Year.

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. With the assistance of the Company Secretary, the meeting agenda is set by the Chairperson in consultation with other Board members. Board meeting notice was sent to the Directors at least 14 days prior to regular Board meetings. 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.

DELEGATION BY THE BOARD

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

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee.

The members of the Audit Committee, Remuneration Committee and Nomination Committee comprise a majority of Independent Non-executive Directors. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

Corporate Governance Report

1. *Audit Committee (set up on 23rd September, 2004)*

   The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Chan Man Hon, Eric (Chairman of the Committee), Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, approving the remuneration and terms of engagement of external auditor, reviewing financial information and overseeing 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 28th March, 2012 in light of the relevant amendments to the Listing Rules, is available on the Company's website. The Audit Committee convened three meetings during the Year.

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

   i. reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 31st March, 2011 and the interim financial statements for the six months ended 30th September, 2011;

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

   iii. annual review of the non-exempt continuing connected transactions of the Group for the year ended 31st March, 2011;

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

   v. approved the audit plan for the financial year ended 31st March, 2012, reviewed the independence of the external auditor and approved the engagement of external auditor;

   vi. met with the external auditor and reviewed their work and findings relating to the audit for the year ended 31st March, 2011 and the effectiveness of the audit process; and

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

   There are arrangements by which employees of the Group can, in confidence, raise concerns about possible improprieties in financial reporting, internal control or other matters, and the Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate following up actions.

2. *Remuneration Committee (set up on 19th July, 2005)*

   The Remuneration Committee consists of three members, namely Mr. Liu Hing Hung (Chairman of the Committee), Independent Non-executive Director, Mr. Wong Chi Fai, the Managing Director, and Mr. Law Ka Ming, Michael, Independent Non-executive Director. The primary duties of the Remuneration Committee are making recommendation to the Board on 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 ended 31st March, 2012 are set out in note 12 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee, which was re-adopted by the Board on 28th March, 2012 in light of the relevant amendments to the Listing Rules, is available on the Company's website. The Remuneration Committee convened two meetings during the Year.

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

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

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

   iii. reviewed the fringe benefits for senior management.

3. *Nomination Committee (set up on 28th March, 2012)*

   The Nomination Committee consists of three members, namely Mr. Law Ka Ming, Michael (Chairman of the Committee), Independent Non-executive Director, Ms. Fan Man Seung, Vanessa, the Managing Director and Mr. Chan Man Hon, Eric, Independent Non-executive Director. The primary duties of the Nomination Committee are identifying potential candidates for directorship, reviewing the nomination of Directors, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on such appointments. The specific written terms of reference of the Remuneration Committee is available on the Company's website. No meeting was held by the Nomination Committee during the Year.

4. *Corporate Governance Committee (set up on 28th March, 2012)*

   The Corporate Governance Committee consists of five members, namely Ms. Fan Man Seung, Vanessa (Chairperson of the Committee), the Managing Director, two Independent Non-executive Directors, namely Mr. Chan Man Hon, Eric and Mr. Liu Hing Hung, a representative from company secretarial function and a representative from finance and accounts function. The primary duties of the Corporate Governance Committee are reviewing the corporate governance practice and disclosure systems of the Company and introducing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. No meeting was held by the Corporate Governance Committee during the Year.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the Year.

ACCOUNTABILITY AND AUDIT

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

INTERNAL CONTROLS

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize 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.

The Board has set out a direction for the internal control system in order to ensure achievement of the Group's objectives and identify discrepancies so that corrective actions could be taken in an efficient manner. The management is primarily responsible for the design, implementation, and maintenance of the internal control system to safeguard the shareholders' investment and assets of the Group.

The Board, through its Audit Committee, had conducted a review on the effectiveness of internal control system (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and training programmes and budget of the Group for the Year. During the Year, an internal self-assessment process of all material controls was formulated which includes financial, operational and compliance controls and risk management functions and the internal audit department was 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 management and advise on the implementation of necessary steps of systems to enhance operational or financial controls.

During the Year, the management had analyzed 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 considered that its internal control system is effective and adequate and the Company has complied with the code provisions on internal control of the Code. A policy is in place for employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Board is not aware of any significant areas of concern which may affect the shareholders.

Annual budget and mid-year forecast on all capital and revenue items are prepared and approved by senior management before being adopted. The management monitors the business activities closely and reviews monthly financial results of operations against budgets. It also reviews and updates the internal controls to meet upcoming challenges.

The Company has set up a CCT Compliance Committee to monitor, control and review internally both the connected transactions and continuing connected transactions of the Company and ensure that transactions are properly complied with all relevant laws and regulations, Listing Rules and disclosure requirements.

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders' communication policy and review it on a regular basis to ensure its effectiveness. The Company communicates with the shareholders mainly in the following ways: (i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purposes which provide opportunities for the shareholders to communicate directly with the Board; (ii) the publication of announcements, annual reports, interim reports and/ or circulars as required under the Listing Rules and press releases providing updated 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 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 and page 2 of this annual report.

Corporate Governance Report

In order to protect the environment and save costs for the benefit of shareholders, the Company has introduced the electronic means of corporate communication in December 2009. Shareholders may elect to receive printed or electronic copies of corporate communication. However, shareholders are encouraged to access corporate communication from the Company through the Company's website. We believe that it is also the most efficient and convenient method of communication with shareholders.

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

The Company's notice to shareholders for the 2011 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to shareholders at least 10 clear business days before the meetings.

The chairperson of each meeting and the chairman/members of the Committees at the last annual general meeting held on 16th August, 2011 and the special general meetings held on 11th April, 2011 and 29th June, 2011 were available to answer questions from the shareholders. The chairperson of each meeting had explained the procedures for conducting a poll during the meetings.

AUDITOR'S REMUNERATION

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

Service rendered	**Fees paid/payable**
	HK$'000
Audit services	6,781
Non-audit services	Nil

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF
EMPEROR INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 117, which comprise the consolidated statement of financial position as at 31st March, 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2012 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

19th June, 2012

Consolidated Statement of Comprehensive Income

For the year ended 31st March , 2012

	Notes	2012 HK'000	2011 HK'000
Revenue	7	2,959,603	1,784,847
Cost of sales		(375,737)	(13,283)
Cost of hotel and hotel related operations		(446,585)	(416,108)
Direct operating expenses		(27,594)	(25,672)
Gross profit		2,109,687	1,329,784
Other income		39,583	32,655
Other gains and losses	9	4,531	974
Fair value change in investment properties		3,975,065	3,277,519
Selling and marketing expenses		(600,120)	(480,950)
Administrative expenses		(283,614)	(260,402)
Finance costs	10	(164,817)	(99,407)
Share of result of an associate		17	30
Profit before taxation	11	5,080,332	3,800,203
Taxation charge	13	(154,392)	(99,373)
Profit for the Year		4,925,940	3,700,830
Other comprehensive income			
Exchange differences arising on translation of foreign subsidiaries		86,546	68,129
Total comprehensive income for the Year		5,012,486	3,768,959
Profit for the Year attributable to:			
Owners of the Company		4,459,091	3,444,702
Non-controlling interests		466,849	256,128
		4,925,940	3,700,830
Total comprehensive income attributable to:			
Owners of the Company		4,545,562	3,507,846
Non-controlling interests		466,924	261,113
		5,012,486	3,768,959
Earnings per share	15		
Basic		HK$1.22	HK$1.00
Diluted		HK$1.22	HK$1.00

Consolidated Statement of Financial Position

At 31st March, 2012

	Notes	2012 HK'000	2011 HK'000
Non-current assets			
Investment properties	16	**22,745,890**	17,928,096
Property, plant and equipment	17	**2,322,137**	1,673,463
Deposits paid for acquisition of investment properties/property, plant and equipment		**121,492**	386,162
Prepaid lease payments	18	**309,846**	318,414
Interest in an associate	19	**189**	172
Amount due from an associate	20	**436**	2,645
Deposits in designated bank account for development properties	21	**56,017**	39,835
Loans receivables	22	**–**	178,003
Goodwill	23	**56,683**	56,683
Other assets	24	**4,442**	4,442
		25,617,132	20,587,915
Current assets			
Inventories	25	**13,144**	8,153
Properties held for sale	26	**94,591**	6,720
Properties under development	27	**3,083,088**	2,654,075
Prepaid lease payments	18	**8,568**	8,568
Trade and other receivables	28	**915,696**	922,330
Investments in trading securities	29	**1**	1
Derivative financial instruments	35	**2,241**	–
Taxation recoverable		**2,966**	58
Pledged bank deposit	30	**300**	300
Short-term bank deposits	30	**501,923**	–
Bank balances and cash	30	**1,315,914**	1,097,053
		5,938,432	4,697,258
Asset classified as held for sale	31	**1,450,000**	–
		7,388,432	4,697,258
Current liabilities			
Trade and other payables	32	**2,862,882**	1,670,370
Amount due to a related company	33	**372,306**	354,919
Amounts due to non-controlling interests of subsidiaries	34	**249,191**	203,451
Derivative financial instruments	35	**1,952**	–
Taxation payable		**228,760**	164,730
Secured bank borrowings – due within one year	36	**2,500,560**	1,444,112
		6,215,651	3,837,582
Net current assets		**1,172,781**	859,676
Total assets less current liabilities		**26,789,913**	21,447,591

Consolidated Statement of Financial Position

At 31st March, 2012

	Notes	2012 HK'000	2011 HK'000
Non-current liabilities			
Amount due to a related company	33	**3,282,162**	2,247,790
Amounts due to non-controlling interests of subsidiaries	34	**–**	72,983
Derivative financial instruments	35	**23,195**	–
Secured bank borrowings – due after one year	36	**3,859,267**	4,228,511
Deferred taxation	37	**408,976**	338,757
		7,573,600	6,888,041
		19,216,313	14,559,550
Capital and reserves			
Share capital	38	**36,668**	36,668
Reserves		**17,458,633**	13,175,593
Equity attributable to owners of the Company		**17,495,301**	13,212,261
Non-controlling interests	40	**1,721,012**	1,347,289
		19,216,313	14,559,550

The consolidated financial statements on pages 44 to 117 were approved and authorised for issue by the Board of Directors on 19th June, 2012 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 , 2012

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000 (note (a))	Contributed surplus HK$'000 (note (b))	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2010	29,683	4,219,139	89,413	20,987	132,727	110	321,848	4,580,317	9,394,224	1,521,162	10,915,386
Exchange differences arising on translation of foreign subsidiaries	–	–	63,144	–	–	–	–	–	63,144	4,985	68,129
Profit for the year	–	–	–	–	–	–	–	3,444,702	3,444,702	256,128	3,700,830
Total comprehensive income for the year	–	–	63,144	–	–	–	–	3,444,702	3,507,846	261,113	3,768,959
Depreciation attributable to revaluation surplus	–	–	–	–	(1,847)	–	–	2,153	306	–	306
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	4,232	4,232
Corporate restructuring											
– Acquisition of additional interest in Expert Pearl Group (note 38(a))	1,860	299,584	–	–	–	56,265	–	–	357,709	(357,709)	–
– Acquisition of additional interest in connection with the Offer (note 38(b))	177	28,449	–	–	–	4,527	–	–	33,153	(33,859)	(706)
– Distribution of the Company's shares (note 38(c))	4,948	(4,948)	–	–	–	–	–	–	–	–	–
Deemed capital contribution arising from fair value adjustment on amount due to a related company	–	–	–	–	–	180,234	–	–	180,234	–	180,234
Dividend paid to owners of the Company											
– final dividend for 2010	–	–	–	–	–	–	(118,732)	–	(118,732)	–	(118,732)
– interim dividend for 2011	–	–	–	–	–	–	(142,479)	–	(142,479)	–	(142,479)
Dividend paid to non-controlling interests											
– final dividend for 2010	–	–	–	–	–	–	–	–	–	(26,372)	(26,372)
– interim dividend for 2011	–	–	–	–	–	–	–	–	–	(21,278)	(21,278)
At 31st March, 2011	36,668	4,542,224	152,557	20,987	130,880	241,136	60,637	8,027,172	13,212,261	1,347,289	14,559,550

Consolidated Statement of Changes in Equity

For the year ended 31st March , 2012

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000 (note (a))	Contributed surplus HK$'000 (note (b))	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2011	36,668	4,542,224	152,557	20,987	130,880	241,136	60,637	8,027,172	13,212,261	1,347,289	14,559,550
Exchange differences arising on translation of foreign subsidiaries	–	–	86,471	–	–	–	–	–	86,471	75	86,546
Profit for the Year	–	–	–	–	–	–	–	4,459,091	4,459,091	466,849	4,925,940
Total comprehensive income for the Year	–	–	86,471	–	–	–	–	4,459,091	4,545,562	466,924	5,012,486
Share options lapsed during the year	–	–	–	(2,137)	–	–	–	2,137	–	–	–
Depreciation attributable to revaluation surplus	–	–	–	–	(1,815)	–	–	2,114	299	–	299
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	7,400	7,400
Acquisition of additional interest in a subsidiary (note 41(i))	–	–	–	–	–	8,091	–	–	8,091	(52,435)	(44,344)
Deemed capital contribution arising from fair value adjustment on amount due to a related company	–	–	–	–	–	103,099	–	–	103,099	–	103,099
Dividend paid to owners of the Company											
– final dividend for 2011	–	–	–	–	–	–	(60,637)	(130,036)	(190,673)	–	(190,673)
– interim dividend for 2012	–	–	–	–	–	–	–	(183,338)	(183,338)	–	(183,338)
Dividend paid to non-controlling interests											
– final dividend for 2011	–	–	–	–	–	–	–	–	–	(26,172)	(26,172)
– interim dividend for 2012	–	–	–	–	–	–	–	–	–	(21,994)	(21,994)
At 31st March, 2012	36,668	4,542,224	239,028	18,850	129,065	352,326	–	12,177,140	17,495,301	1,721,012	19,216,313

Notes:

(a) The other reserve of the Group arose from acquisition of additional interest in subsidiaries and deemed capital contributions from a related party.

(b) The contributed surplus of the Group represents the aggregate of (a) the difference between the sum 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 share capital issued as consideration for the acquisition; and (b) the surplus arising on reduction of share capital effective in March 2003; less (c) subsequent dividend paid and bonus issues by way of capitalisation of contributed surplus.

Consolidated Statement of Cash Flows

For the year ended 31st March , 2012

	2012 HK$'000	2011 HK$'000
Cash flows from operating activities		
Profit before taxation	5,080,332	3,800,203
Adjustments for:		
Interest income	(18,678)	(6,522)
Interest expenses	162,802	96,700
Release of prepaid lease payments	8,568	8,568
Depreciation of property, plant and equipment	114,201	116,440
Share of result of an associate	(17)	(30)
Loss on disposal of property, plant and equipment	–	114
Gain on disposal of a subsidiary	(26,287)	–
Reversal of write-downs of properties under development for sale	(1,150)	(974)
Change in fair value of investment properties	(3,975,065)	(3,277,519)
Change in fair value of derivative financial instruments	22,906	–
Allowance (reversal of allowance) for bad and doubtful debts, net	7	(2,079)
Operating cash flows before movements in working capital	1,367,619	734,901
Increase in inventories	(4,991)	(810)
(Increase) decrease in properties held for sale	(86,721)	12,721
Increase in properties under development for sale	(261,516)	(157,458)
Decrease (increase) in trade and other receivables	403,517	(45,532)
Increase in trade and other payables	142,406	514,799
Net cash generated from operations	1,560,314	1,058,621
Interest received from bank deposits and other receivables	18,678	6,522
Hong Kong Profits Tax paid	(16,618)	(21,526)
PRC Enterprise Income Tax paid	(1,768)	(18,083)
Net cash generated from operating activities	1,560,606	1,025,534

Consolidated Statement of Cash Flows

For the year ended 31st March , 2012

	Notes	2012 HK'000	2011 HK'000
Cash flows from investing activities			
Purchase of investment properties and costs incurred for investment properties under development		(2,230,799)	(1,558,773)
Placement of short-term bank deposits		(825,486)	–
Purchase of property, plant and equipment		(754,956)	(109,289)
Deposits made on acquisition of investment properties/property, plant and equipment		(121,492)	(379,115)
(Increase) decrease in deposits in designated bank account for development properties		(16,182)	159,357
(Increase) decrease in loans receivables		(23,732)	87
Proceeds from assignment of loans receivables		21,163	–
Proceeds from disposal of property, plant and equipment		48	775
Repayment from an associate		2,209	–
Proceeds from disposal of investment properties		280,000	–
Withdrawal of short-term bank deposits		323,563	–
Disposal of a subsidiary	42	613,032	–
Net cash used in investing activities		(2,732,632)	(1,886,958)
Cash flows from financing activities			
Acquisition of additional interests in subsidiaries	41	(44,344)	(706)
New bank loans raised		8,293,320	5,809,750
Advance from a related company		1,729,841	1,473,482
Repayment of bank loans		(7,361,005)	(5,367,813)
Repayment to a related company		(651,583)	(422,051)
Interest on bank and other borrowings paid		(125,180)	(92,579)
Dividends paid to owners of the Company		(374,011)	(261,211)
Dividends paid to non-controlling interests of subsidiaries		(48,166)	(47,650)
Repayment to non-controlling interests of subsidiaries		(32,534)	(32,000)
Net cash generated from financing activities		1,386,338	1,059,222
Net increase in cash and cash equivalents		214,312	197,798
Cash and cash equivalents at beginning of the Year		1,097,053	891,956
Effect of exchange rate changes		4,549	7,299
Cash and cash equivalents at end of the Year, represented bank balances and cash		1,315,914	1,097,053

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. Its immediate holding company is Emperor International Group Holdings Limited (formerly known as Charron Holdings Limited), a limited liability company incorporated in British Virgin Islands ("BVI"). Its ultimate holding company is Albert Yeung Holdings Limited (formerly known as Million Way Holdings Limited), a limited liability company incorporated in BVI, which is in turn held by STC International being the trustee of the AY Trust, the settlor and founder of which is Dr. Albert Yeung. 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 ("HK$"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 50.

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

In prior year, the Group has early adopted the Amendments to HKAS 12 "Income taxes", in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment property".

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related party disclosures
Amendments to HK(IFRIC) – INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKFRS 7	Disclosures – Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[4]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[5]
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine[2]

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

New and revised HKFRSs issued but not yet effective – continued

[1] Effective for annual periods beginning on or after 1st July, 2011.

[2] Effective for annual periods beginning on or after 1st January, 2013.

[3] Effective for annual periods beginning on or after 1st January, 2015.

[4] Effective for annual periods beginning on or after 1st July, 2012.

[5] Effective for annual periods beginning on or after 1st January, 2014.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) – INT 12 "Consolidation – Special purpose entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in joint ventures" and HK(SIC) – INT 13 "Jointly controlled entities – Non-monetary contributions by venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for the Group's annual periods beginning 1st April, 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

Currently, the Group has accounted for its property development in Shanghai as a jointly controlled operation (note 16). The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1st April, 2013 and that the application of these five standards is not expected to have material impact on the results and financial position of the Group. The application of HKFRS 12 will result in more extensive disclosures relating to non-controlling interests of the Company's subsidiaries in the consolidated financial statements.

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

HKFRS 13 "Fair value measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group's annual periods beginning 1st April, 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1st April, 2013 and that the application of the new Standard is not expected to have material impact on the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group's annual periods beginning 1st April, 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 32 "Offsetting financial assets and financial liabilities" and amendments to HKFRS 7 "Disclosures – Offsetting financial assets and financial liabilities"

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for the Group's annual periods beginning 1st April, 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until the Group's annual periods beginning 1st April, 2014, with retrospective application required. The application of amendments to HKAS 32 is not expected to have material impact on the amounts reported in the consolidated financial statements. However, the amendments to HKFRS 7 will result in more extensive disclosures relating to derivatives under master netting agreement.

The Directors of the Company anticipate that the application of the other new or revised Standards and Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance (effective from 1st April, 2010 onwards).

Changes in the Group’s ownership interest in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying amount of net assets attributable to the changes in interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations that took place before 1st April, 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Business combinations achieved in stages are accounted for individually, and goodwill or discount, as appropriate, arising from the acquisition at each stage is determined using the cost of the acquisition and fair value of the net identifiable assets acquired at each stage. Any adjustments to the fair value of the net identifiable assets attributable to the previously held equity interest are recognised in other comprehensive income and included in asset revaluation reserve.

Goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

The requirements of HKAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Joint ventures

Jointly controlled operations

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

Investment properties

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

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

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

Investment properties under development are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under development and their carrying amounts is recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investment properties *(continued)*

In circumstances where the fair value of an investment property under development is not reliably determinable, such investment properties under development are measured at cost using the cost model in HKAS 16 "Property, plant and equipment" until either its fair value becomes reliably determinable or construction is completed, whichever is the earlier.

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

Transfer from investment properties to property under development will be made when there is a change in use, evidenced by commencement of development with a view of redevelopment for sale. The fair value of these properties at the date of transfer became the deemed cost of properties under development.

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

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost or deemed cost upon transfer from investment properties, less subsequent accumulated depreciation and accumulated impairment losses, if any.

Advantage has been taken of the transitional relief provided by paragraph 80A of HKAS 16 "Property, plant and equipment" from the requirement to make regular revaluations of the Group's land and buildings which had been carried at revalued amounts prior to 30th September, 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to 30th September, 1995, the revaluation increase arising on the revaluation of these assets was credited to the revaluation reserve. Any future decreases in value of these assets will be dealt with as an expense to the extent that they exceed the balance, if any, on the revaluation reserve relating to a previous revaluation of the same asset.

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

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Transfer of asset revaluation reserve to accumulated profits is made in relation to: (i) the subsequent sale or retirement of a revalued item; (ii) the excess of the depreciation based on the revalued amount of the item over depreciation based on the item's original cost.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Borrowing costs

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

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

Impairment losses on assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasehold land and building

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Properties held for sale

Properties for sale are completed properties and are classified under current assets and are stated at the lower of cost and net realisable value.

The Group transfers a property from property held for sale to investment property when there is a change of intention to hold the property to earn rentals rather than for sales in the ordinary course of business which is evidenced by commencement of an operating lease to another party. The difference between the carrying amount and fair value of the property at the date of transfer is recognised in profit or loss.

Property under development

Property under development for sale in the ordinary course of business is included in current assets and stated at the lower of cost (or deemed cost for those transferred from investment properties, see accounting policy on investment properties) and net realisable value. Costs relating to the development of the properties include land cost, construction cost and other direct development expenditure.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment properties classified as held for sale is measured at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from an associate, deposits in designated bank account for development properties, loans receivables, trade and other receivables, pledged bank deposit, short-term bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

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

For loans and receivables, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the loans and receivables' original effective interest rate.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

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 (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 liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liabilities are held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to a related company/non-controlling interests of subsidiaries and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

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

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to buyers.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

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

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

Service income is recognised when the services are provided.

Dividend income from investments is recognised when the shareholders' rights to receive dividend payment have been established.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

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

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the Year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Share-based payment transactions

Share options granted to employees

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

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 forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Retirement benefit costs

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated net realisable value on properties under development for sale

In determining whether allowances should be made to the Group's properties under development for sale of HK$3,083,088,000 (2011: HK$2,654,075,000), the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value less estimated cots to completion of the properties is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result.

Fair value of investment properties

The carrying amount of investment properties of HK$22,745,890,000 at 31st March, 2012 (2011: HK$17,928,096,000) comprises investment properties at fair value of HK$22,745,890,000 (2011: at fair value of HK$17,318,801,000 and cost of HK$609,295,000). For investment properties carried at fair value, the amount was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions and inputs of market conditions, including:

- comparable market transactions with adjustments to reflect different locations or conditions; and
- comparable market rents and transactions, occupancy rate, discount rate and cost to be expended to complete the development of investment properties under construction.

Changes to these assumptions and inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the profit or loss. For the investment properties under development whereby the fair value was not reliably determinable at 31st March, 2011, such investment properties under development were measured at cost using the cost model under HKAS16 "Property, plant and equipment". The fair values of the properties as at 31st March, 2012 become reliable determinable as disclosed in note 16.

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

The Group's carrying amount of the interest-free portion of the amounts due to non-controlling interests of a subsidiary as at 31st March, 2012 include interest-free shareholders' loan of HK$230,221,000 (2011: HK$256,930,000) due to non-controlling interests of Luck United Holdings Limited ("Luck United"). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United and its subsidiaries have surplus fund. Surplus fund represents available cash within these subsidiaries after payment of all operating expenses and payable including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The carrying amount of the amounts due to non-controlling interests of a subsidiary and the deemed contribution by non-controlling interests may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the amount and timing of repayment to the non-controlling interests, and consequently, affect the amount of imputed interest to be recognised in profit or loss over the expected life of the amounts due to non-controlling interest of a subsidiary.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Estimates of repayment of amount due to a related company

The Group's carrying amount of amount due to a related company as at 31st March, 2012 is HK$3,654,468,000 (2011: HK$2,602,709,000). There is no fixed repayment term and it was agreed with the related company that the Group will repay the amount based on the sufficiency of its operating cash flows. The carrying amount of the amount due to a related company and the deemed contribution by a related company may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the amount and timing of repayment to the related company, and consequently, affect the amount of imputed interest to be recognised in profit or loss over the expected life of the amounts due to a related company.

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, 2012 is HK$219,521,000 (2011: HK$200,656,000).

Deferred tax assets

At 31st March, 2012, deferred tax asset of approximately HK$28,207,000 (2011: HK$35,060,000) in relation to unused tax losses have been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised in respect of the remaining HK$785,015,000 (2011: HK$882,445,000) due to unpredictability of future profit streams. 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 profit or loss 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 amount due to a related company as disclosed in note 33, the amounts due to non-controlling interests of subsidiaries as disclosed in note 34, the secured bank borrowings as disclosed in note 36, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and reserves.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012 HK$'000	2011 HK$'000
Financial assets		
FVTPL		
Investments in trading securities	1	1
Derivative financial instruments	2,241	–
	2,242	1
Loans and receivables		
Amount due from an associate	436	2,645
Deposits in designated bank account for development properties	56,017	39,835
Loans receivables	–	178,003
Trade and other receivables	835,108	853,304
Pledged bank deposit	300	300
Short-term bank deposits	501,923	–
Bank balances and cash	1,315,914	1,097,053
	2,709,698	2,171,140
Financial liabilities		
FVTPL		
Derivative financial instruments	25,147	–
At amortised cost		
Trade and other payables	2,147,425	1,098,675
Amount due to a related company	3,654,468	2,602,709
Amounts due to non-controlling interests of subsidiaries	249,191	276,434
Secured bank borrowings	6,359,827	5,672,623
	12,410,911	9,650,441

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments in trading securities, amount due from an associate, loans receivables, deposits in designated bank account for development properties, trade and other receivables, pledged bank deposits, short-term bank deposits, bank balances and cash, trade and other payables, amount due to a related company/non-controlling interests of subsidiaries, derivative financial instruments (interest rate swap contract and foreign currency forward contracts) and secured 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. Several subsidiaries of the Group have foreign currency sales and purchases, but the management considers the amount of foreign currency sales and purchase is insignificant. The management considers the Group does not expose to significant foreign currency risk in relation to transactions denominated in Macau Pataca ("MOP"). Exposures on balances which are denominated in MOP in group entities with HK$ as functional currency are not considered significant as MOP is pegged to HK$.

The Group is also exposed to foreign currency risk in relation to the outstanding foreign currency forward contracts at the end of the reporting period. The sensitivity to foreign currency risk arising from the foreign currency forward contracts has been determined based on the reasonably possible change in the forward exchange rate between Renminbi ("RMB") and HK$. For a 5% strengthening in RMB against HK$, the Group's post-tax profit for the Year will be increased by HK$61,647,000. If RMB had been weakened against HK$ in an opposite magnitude and all other variables held constant, the potential effect on the results would be equal and opposite.

Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances, variable-rate amount due to a related company, interest rate swap contract and secured bank borrowings. The Group entered into a pay-fixed/receive-floating interest rate swap contract to mitigate its exposures to cash flow interest rate risk.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's advances from a related company and secured bank borrowings.

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

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

Cash flow interest rate risk (continued)

Except for bank balances and deposits using 5 basis points (2011: 5 basis points), if interest rates had been 100 basis points (2011: 100 basis points) higher and all other variables were held constant, the potential effect on post-tax profit for the Year is as follows:

	2012	2011
	HK$'000	HK$'000
Increase (decrease) in post-tax profit for the Year		
– Bank balances	686	569
– Amount due to a related company	(30,040)	(21,399)
– Interest rate swap contract	19,605	–
– Secured bank borrowings	(52,278)	(46,640)
	(62,027)	(67,470)

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

Credit risk

the Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March, 2012 in relation to each class of recognised financial asset is the carrying amount as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and loan receivable at the end of the reporting period 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 and deposits in designated bank account for development properties 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 64% (2011: 52%) and 64% (2011: 53%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel and hotel related operations. The Directors of the Company consider that there is no significant credit risk on the trade receivables from the five largest customers given their strong financial background and good creditability. The remaining trade receivables balances are spread over numbers of customers.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. At 31st March, 2012, based on the existing levels of bank balances and the existing banking facilities available, the Group will be able to meet its future cashflow requirements. Accordingly, the management considers that the Group's liquidity risk is minimal.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

Liquidity table

	Weighted average effective interest rate	Less than 1 month or repayable on demand	1-3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amounts
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March, 2012								
Non-derivative financial liabilities								
Trade and other payables	–	103,794	1,325,431	718,200	–	–	2,147,425	2,147,425
Amount due to a related company	3.75%	–	–	500,000	3,425,934	–	3,925,934	3,654,468
Amounts due to non-controlling interests of subsidiaries	5.00%	18,970	–	242,000	–	–	260,970	249,191
Secured bank borrowings	1.77%	62,024	637,776	1,913,329	2,255,211	1,859,102	6,727,442	6,359,827
		184,788	1,963,207	3,373,529	5,681,145	1,859,102	13,061,771	12,410,911
Derivative-net settlement								
Interest rate swap contract	–	–	1,293	3,879	16,814	–	21,986	21,986
Foreign currency forward contracts	–	–	330	1,623	1,208	–	3,161	3,161
		–	1,623	5,502	18,022	–	25,147	25,147
At 31st March, 2011								
Non-derivative financial liabilities								
Trade and other payables	–	74,147	1,024,422	106	–	–	1,098,675	1,098,675
Amount due to a related company	3.00%	–	–	433,000	2,407,052	–	2,840,052	2,602,709
Amounts due to non-controlling interests of subsidiaries	5.00%	19,504	–	193,358	80,642	–	293,504	276,434
Secured bank borrowings	1.80%	68,490	369,432	1,108,297	2,743,042	1,717,815	6,007,076	5,672,623
		162,141	1,393,854	1,734,761	5,230,736	1,717,815	10,239,307	9,650,441

6. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

Liquidity table (continued)

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31st March, 2012 and 31st March, 2011, the aggregate undiscounted principal amounts of these bank loans amounted to HK$62,024,000 and HK$68,490,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid within 8 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$1,913,000, HK$5,740,000, HK$29,453,000 and HK$29,764,000 within the time band of 1 month to 3 months, 3 months to 1 year, 1 year to 5 years and over 5 years respectively (2011: HK$1,945,000, HK$5,834,000, HK$29,937,000 and HK$36,403,000 within the time band of 1 month to 3 months, 3 months to 1 year, 1 year to 5 years and over 5 years respectively).

(c) Fair value

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of investments in trading securities which traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair values of other financial assets and financial liabilities (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair value of derivative financial instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

Fair value measurements recognised in the consolidated statement of financial position

At 31st March, 2012, the financial instruments that are measured subsequent to initial recognition at fair value are investments in trading securities and derivative financial instruments. Their fair value measurements, which are grouped into Level 1 and Level 2 respectively.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

	2012		
	Level 1	Level 2	Total
	HK$'000	HK$'000	HK$'000
Financial assets at FVTPL			
Investments in trading securities	1	–	1
Derivative financial instruments			
– foreign currency forward contracts	–	2,241	2,241
	1	2,241	2,242
Financial liabilities at FVTPL			
Derivative financial instruments			
– interest rate swap contract	–	21,986	21,986
– foreign currency forward contracts	–	3,161	3,161
	–	25,147	25,147

	2011		
	Level 1	Level 2	Total
	HK$'000	HK$'000	HK$'000
Financial assets at FVTPL			
Investments in trading securities	1	–	1

7. REVENUE

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

	2012	2011
	HK$'000	HK$'000
Hotel and hotel related operations		
Service income from gaming operations	1,627,329	1,165,757
Hotel room income	92,239	96,236
Food and beverage sales	108,600	83,700
Others	4,785	4,597
	1,832,953	1,350,290
Sales of properties	636,682	20,759
Rental income from investment properties	489,968	413,798
	2,959,603	1,784,847

8. SEGMENT INFORMATION

The Group's operating and reportable segments are lease of properties, properties development and hotel and hotel related operations for the purpose of resources allocation and assessment of performance.

The segment information reported externally was analysed on the basis of their products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the Executive Directors of the Company (the "Executive Directors"), the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services.

Principal activities of the operating and reportable segments are as follows:

Lease of properties	–	Completed investment properties and properties under development held for rental purpose
Properties development	–	Properties construction and redevelopment for sale purpose
Hotel and hotel related operations	–	Hotel operation in the Grand Emperor Hotel in Macau and the Emperor (Happy Valley) Hotel in Hong Kong, including operations of mass market, slot machine and VIP room operations and provision of gaming-related marketing and public relation services in casinos of the Grand Emperor Hotel

The Executive Directors review the hotel and hotel related operations of Emperor EH in Macau along with the Group's existing hotel operation – Emperor (Happy Valley) Hotel in Hong Kong and hence they are grouped and identified as a single operating segment – Hotel and hotel related operations.

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, interest income from bank deposits, finance costs, share of result of an associate, gain on disposal of a subsidiary and net loss on fair value changes in derivative financial instruments. This is the measure reported to the Executive Directors for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

8. SEGMENT INFORMATION *(continued)*

Segment revenue and results

For the year ended 31st March, 2012

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000
Segment revenue from external customers	489,968	636,682	1,832,953	2,959,603
Segment results	4,434,793	155,934	711,160	5,301,887
Interest income				18,180
Unallocated corporate expenses, net				(78,316)
Gain on disposal of a subsidiary				26,287
Net loss on fair value changes in derivative financial instruments				(22,906)
Finance costs				(164,817)
Share of result of an associate				17
Profit before taxation				5,080,332
Taxation charge				(154,392)
Profit for the Year				4,925,940

Other information

For the year ended 31st March, 2012

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	–	980	98,005	98,985
Release of prepaid lease payments	–	–	8,568	8,568
Reversal of write-downs of properties under development for sale	–	1,150	–	1,150
Fair value increase in investment properties	3,975,065	–	–	3,975,065

Amounts regularly provided to the Executive Directors but not included in the measure of segment results (included in unallocated corporate expenses, net):

	HK$'000
Allowance for bad and doubtful debts	7
Depreciation of property, plant and equipment	15,216

8. SEGMENT INFORMATION *(continued)*

Segment revenue and results *(continued)*

For the year ended 31st March, 2011

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000
Segment revenue from external customers	413,798	20,759	1,350,290	1,784,847
Segment results	3,670,189	(110,676)	395,710	3,955,223
Interest income				6,431
Unallocated corporate expenses, net				(62,074)
Finance costs				(99,407)
Share of result of an associate				30
Profit before taxation				3,800,203
Taxation charge				(99,373)
Profit for the year				3,700,830

Other information

For the year ended 31st March, 2011

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000
Amounts included in the measure of segment results:				
Depreciation of property, plant and equipment	–	482	99,950	100,432
Release of prepaid lease payments	–	–	8,568	8,568
Loss on disposal of property, plant and equipment	–	–	448	448
Reversal of write-downs of properties under development for sale	–	974	–	974
Fair value increase in investment properties	3,277,519	–	–	3,277,519

Amounts regularly provided to the Executive Directors but not included in the measure of segment results (included in unallocated corporate expenses, net):

	HK$'000
Depreciation of property, plant and equipment	16,008
Gain on disposal of property, plant and equipment	334
Reversal of allowance for bad and doubtful debts	2,079

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

8. SEGMENT INFORMATION *(continued)*

Geographical information

The Group's operations are located in Hong Kong, the People's Republic of China (the "PRC") and Macau.

The Group's revenue from external customers and information about its non-current assets, other than amount due from an associate, deposits in designated bank account for development properties and loans receivables, by geographical location of the assets are detailed below:

	Revenue from customers For the year ended 31st March,		Non-current assets At 31st March,	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,153,888**	452,298	**19,743,993**	15,242,372
The PRC	**11,623**	5,991	**2,751,401**	2,378,373
Macau	**1,794,092**	1,326,558	**3,065,285**	2,746,687
	2,959,603	1,784,847	**25,560,679**	20,367,432

Information about major customers

During the Year, revenue derived from the customer which contributed over 10% of the total revenue of the Group amounted to HK$1,629,747,000 (2011: HK$1,179,455,000). The revenue is related to the hotel and hotel related operations.

9. OTHER GAINS AND LOSSES

	2012	2011
	HK$'000	HK$'000
Reversal of write-downs of properties under development for sale *(note)*	**1,150**	974
Gain on disposal of a subsidiary *(note 42)*	**26,287**	–
Net loss on fair value changes in derivative financial instruments	**(22,906)**	–
	4,531	974

Note:

During the Year, the management reviewed the recoverability of the properties under development with reference to the current market environment and reversed the previously recognised write-downs of HK$1,150,000 (2011: HK$974,000). The carrying amount of the properties at 31st March, 2012 was increased to the revised estimated recoverable amount but did not exceed the cost of these properties.

10. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on:		
– bank borrowings wholly repayable within five years	**45,471**	34,071
– other borrowings wholly repayable within five years	**42,382**	24,429
– bank borrowings not wholly repayable within five years	**37,327**	34,079
	125,180	92,579
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	**12,691**	13,800
Imputed interest expense on amount due to a related company	**76,600**	33,636
	214,471	140,015
Less: amount capitalised	**(51,669)**	(43,315)
	162,802	96,700
Bank charges	**2,015**	2,707
	164,817	99,407

Borrowing costs capitalised during the Year arose on the general borrowing pool and are calculated by applying a capitalisation rates up to 1.30% (2011: 1.12% to 1.28%) per annum.

11. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	**6,781**	6,323
Allowance for bad and doubtful debts, net	**7**	–
Depreciation of property, plant and equipment	**114,201**	116,440
Release of prepaid lease payments	**8,568**	8,568
Commission expenses in gaming operations (included in selling and marketing expenses)	**452,804**	333,757
Loss on disposal of property, plant and equipment	**–**	114
Operating lease rentals in respect of rented premises	**5,778**	4,352
Share of tax of an associate (included in share of result of an associate)	**3**	5
Staff costs, including directors' remuneration and retirement benefit scheme contributions (note 12)	**453,655**	397,204
Cost of properties held for sale recognised as an expense	**375,737**	13,283
Cost of inventories in respect of hotel and hotel related operations recognised as an expense	**41,417**	39,547
and after crediting:		
Interest income from:		
– bank deposits	**18,180**	6,431
– loans receivables	**498**	91
	18,678	6,522
Exchange gain	**1,122**	4,964
Gross rental income from investment properties less direct operating expenses of HK$27,594,000 (2011: HK$25,672,000)	**462,374**	388,126
Reversal of allowance for bad and doubtful debts, net	**–**	2,079

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Wong Chi Fai HK$'000	Fan Man Seung, Vanessa HK$'000	Mok Fung Lin, Ivy HK$'000 (note 3)	Cheung Ping Keung HK$'000	Luk Siu Man, Semon HK$'000	Chan Man Hon, Eric HK$'000	Law Ka Ming, Michael HK$'000	Liu Hing Hung HK$'000	Total HK$'000
2012									
Fees	200	200	50	100	–	150	150	150	1,000
Other emoluments:									
Salaries and other benefits (note 1)	2,895	1,275	645	3,420	–	–	–	–	8,235
Performance related incentive payment (note 2)	2,820	2,820	–	4,700	–	–	–	–	10,340
Retirement benefit scheme contributions	203	89	38	12	–	–	–	–	342
Total emoluments	6,118	4,384	733	8,232	–	150	150	150	19,917
2011									
Fees	200	200	200	100	–	150	150	150	1,150
Other emoluments:									
Salaries and other benefits (note 1)	2,685	1,200	1,972	3,180	–	–	–	–	9,037
Performance related incentive payment (note 2)	2,000	2,000	800	4,000	–	–	–	–	8,800
Retirement benefit scheme contributions	188	84	138	12	–	–	–	–	422
Total emoluments	5,073	3,484	3,110	7,292	–	150	150	150	19,409

Notes:

(1) Other benefits include non-exclusive use of motor vehicles, yacht, club debentures and membership.

(2) The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics for the Year.

(3) Ms. Mok Fung Lin, Ivy resigned as Director of the Company on 1st July, 2011.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2011: four) were Directors of the Company whose emoluments are set out above. The total emoluments of the remaining two (2011: one) individuals were as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	8,864	2,530
Retirement benefit scheme contributions	141	127
	9,005	2,657

Their emoluments were within the following bands:

	2012	2011
HK$2,500,001 to HK$3,000,000	1	1
HK$6,000,001 to HK$6,500,000	1	–

No emolument was recognised or paid by the Group to the Directors as compensation for loss of office and inducement to join for both years. No Director had waived any emoluments during both years.

(iii) Retirement benefit scheme

The Group participates in both defined contribution schemes which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and the mandatory provident fund scheme ("MPF Scheme") established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

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

During the Year, the retirement benefit schemes contributions were HK$5,837,000 (2011: HK$4,513,000).

13. TAXATION CHARGE

	2012 HK$'000	2011 HK$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	17,111	11,844
Macau Complimentary Income Tax ("CT")	80,002	43,757
PRC Land Appreciation Tax ("LAT")	913	–
	98,026	55,601
Reversal of CT provision	(18,130)	–
Under(over) provision in prior years		
Hong Kong Profits Tax	(541)	(315)
PRC Enterprise Income Tax	–	(1,538)
PRC LAT	1,029	(9,567)
	488	(11,420)
Deferred taxation (note 37)		
Charge for the Year	74,008	55,192
	154,392	99,373

Hong Kong Profits Tax is calculated at 16.5% of the assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

The CT is calculated at the applicable rate of 12% of the estimated assessable profits for the Year.

Pursuant to the CT law, the CT assessment on the estimated assessable profit in a year of assessment will be lapsed after five years from the year of assessment. At the end of the reporting period, the Directors of the Company reassessed the adequacy of the CT provision and determined to reverse part of the Group's relevant CT provision of HK$18,130,000 for the 2006 year of assessment (2011: Nil) accordingly.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures.

13. TAXATION CHARGE *(continued)*

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

	2012 HK$'000	2011 HK$'000
Profit before taxation	**5,080,332**	3,800,203
Tax charge at Hong Kong Profits Tax of 16.5%	**838,255**	627,033
Tax effect of share of result of an associate	**(3)**	(5)
Tax effect of income not taxable for tax purpose	**(657,575)**	(502,645)
Tax effect of expenses not deductible for tax purpose	**44,721**	9,411
PRC LAT	**913**	–
Tax effect of PRC LAT	**(320)**	1,579
Utilisation of tax losses previously not recognised	**(32,266)**	(15,477)
Utilisation of deductible temporary difference previously not recognised	**–**	(6,715)
Tax effect of tax losses not recognised	**16,190**	13,085
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(40,336)**	(15,079)
Reversal of tax provision in prior years	**(18,130)**	–
Under(over) provision in prior years	**488**	(11,420)
Others	**2,455**	(394)
Taxation charge for the Year	**154,392**	99,373

14. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividends recognised as distribution during the Year:		
Final dividend paid for 2011: HK$0.052 per share (2010: HK$0.04 per share)	**190,673**	118,732
Interim dividend paid for 2012: HK$0.05 per share (2011: HK$0.048 per share)	**183,338**	142,479
	374,011	261,211

14. DIVIDENDS *(continued)*

On 14th February, 2011, Company's shareholders approved to distribute the shares of the Company to the shareholders of the Company on the basis on one share of the Company for every six shares of the Company held by the shareholders of the Company. A total of 494,718,473 shares of the Company were distributed to the shareholders of the Company (note 38(c)).

The final dividend of HK$0.052 per share in respect of the year ended 31st March, 2012 (2011: final dividend of HK$0.052 per share amounting to approximately HK$190,673,000 in total in respect of the year ended 31st March, 2011) has been proposed by the Directors and is subject to approval by the shareholders in general meeting.

15. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**4,459,091**	3,444,702

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,666,776,192**	3,476,426,368

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share for the year ended 31st March, 2011 had been adjusted for issue of shares during that year.

The computation of diluted earnings per share does not assume the exercise of the Company's and Emperor EH's (the Company's subsidiary) outstanding share options as the exercise prices of those options were higher than average market price of the Company's and Emperor EH's shares during the Year.

16. INVESTMENT PROPERTIES

	2012			2011		
	Completed investment properties HK$'000	Investment properties under development HK$'000	Total HK$'000	Completed investment properties HK$'000	Investment properties under development HK$'000	Total HK$'000
At 1st April	15,033,800	2,894,296	17,928,096	10,901,660	2,431,138	13,332,798
Exchange realignment	3,616	89,130	92,746	–	59,075	59,075
Additions	2,396,545	1,051,992	3,448,537	1,174,997	475,002	1,649,999
Disposals	(280,000)	–	(280,000)	–	–	–
Reclassified to property, plant and equipment (note (a)) (note 17)	–	–	–	(217,600)	–	(217,600)
Reclassified from properties held for sale (note (b))	46,446	–	46,446	–	–	–
Reclassified to properties under development for sale (note (c))	(165,000)	–	(165,000)	–	–	–
Reclassified from completed investment properties to investment properties under development (note (d))	(645,000)	645,000	–	–	–	–
Reclassified to loans receivables (note 22)	–	–	–	–	(173,695)	(173,695)
Reclassified to asset classified as held for sale (note 31)	(1,450,000)	–	(1,450,000)	–	–	–
Disposal of a subsidiary (note 42)	(850,000)	–	(850,000)	–	–	–
Increase in fair value	3,819,533	155,532	3,975,065	3,174,743	102,776	3,277,519
At 31st March	17,909,940	4,835,950	22,745,890	15,033,800	2,894,296	17,928,096
Comprising:						
Fair value	17,909,940	4,835,950	22,745,890	15,033,800	2,285,001	17,318,801
Cost	–	–	–	–	609,295	609,295
	17,909,940	4,835,950	22,745,890	15,033,800	2,894,296	17,928,096

16. INVESTMENT PROPERTIES *(continued)*

Notes:

(a) During the year ended 31st March, 2011, certain properties originally held for rental purpose were reclassified to property, plant and equipment upon commencement of owner-occupation at fair value of HK$217,600,000, which is based on the valuation performed by Memfus Wong Surveyors Limited ("Memfus") at the date of transfer.

(b) During the year ended 31st March, 2012, certain properties held for sale were reclassified to investment properties upon change in use as evidenced by commencement of an operating lease at an amount of HK$46,446,000.

(c) During the year ended 31st March, 2012, certain properties originally held for rental purpose were reclassified to properties under development upon commencement of redevelopment of the properties with a view to sale at fair value of HK$165,000,000 at the date of transfer.

(d) During the year ended 31st March, 2012, certain completed investment properties were reclassified to investment properties under development upon commencement of redevelopment of the properties with a view to earn rentals and for capital appreciation at fair value of HK$645,000,000 at the date of transfer.

The carrying amount of investment properties at the end of the reporting period comprises:

	2012 HK$'000	2011 HK$'000
Situated in Hong Kong under:		
– long leases	**12,791,390**	8,300,146
– medium-term leases	**5,769,800**	6,081,350
Situated in PRC under:		
– long leases	**1,288,400**	1,207,700
– medium-term leases	**1,454,000**	1,170,000
Situated in Macau under:		
– long leases	**184,000**	138,000
– medium-term leases	**391,000**	276,400
– short lease	**867,300**	754,500
	22,745,890	17,928,096

All of the Group's property interests 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 values of the Group's investment properties at 31st March, 2012 and 31st March, 2011 have been arrived at on the basis of a valuation carried out on that date by Memfus, an independent firm of professional property valuers not connected with the Group. Memfus are members of the Institute of Valuers.

For completed investment properties, the valuation was arrived at with reference to market evidence of recent transaction prices for similar properties or rental income using the applicable market yields for the respective locations and types of properties.

The valuation of investment properties under development located at Beijing and Macau with carrying amount of HK$1,454,000,000 and HK$700,000,000, respectively, at 31st March, 2012 (2011: HK$1,170,000,000 and HK$nil respectively) and the completed investment properties that reclassified to investment properties under development and properties under development for sale at respective date of transfer, was mainly based on residual method ("Residual Method") by making reference to recent sales transactions of completed properties as available in the relevant market to determine the potential sales proceeds and deducting the development costs and required profits from the investment properties, which are derived from the interpretation of prevailing investor requirements or expectations.

16. INVESTMENT PROPERTIES *(continued)*

For investment properties under development located at Shanghai (the "Land") with carrying amount of HK$1,190,000,000 at 31st March, 2012 (2011: HK$1,115,000,000), as the site is in its initial stage of development and only the site preparation work had been completed at the end of the reporting period, the valuation has been arrived at by adopting direct comparison approach with reference to comparable transactions in the locality for similar lands.

At 31st March, 2011, investment properties under development located at Repulse Bay, of which the construction work is substantially completed, were measured at cost of HK$609,295,000. The properties were under a legal proceeding with the government of Hong Kong Special Administrative Region ("HKSAR") in relation to the interpretation of the government lease and may result in the Group paying a substantial amount of land premium to the government of HKSAR in order for the properties to be rent out. The uncertainty on the amount of potential land premium was significant that precluded the valuer from measuring its fair value reliably under the Residual Method. Accordingly, these investment properties were measured at cost. The fair values of the properties as at 31st March, 2012 become reliable determinable under Residual Method as the Group entered into an agreement with the government of HKSAR on the amount of land premium, being HK$798,000,000, in May 2012 (note 48(b)). At 31st March, 2012, the carrying amount, which is the fair values of the properties based on Residual Method, is HK$1,491,950,000.

During the Year, the net interest capitalised in investment property under development amounted to HK$15,944,000 (2011: HK$13,392,000).

Litigation relating to the investment property under development in the PRC

Prior to Emperor EH becoming a subsidiary of the Company in August 2009, Expert Pearl Investment Limited and its subsidiaries (collectively referred to as the "Expert Pearl Group") entered into a joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao Investment Development Co., Ltd. (now known as Shanghai Zhangxi Investment Development Co., Ltd.) ("JV Partner") on 26th May, 2004, to jointly develop the Land. Under the JV Agreement, Expert Pearl 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. Expert Pearl Group and the JV Partner intend to develop the property into a commercial complex ("Project"). Expert Pearl 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).

Under the terms of the JV Agreement, Expert Pearl Group has the right to terminate the JV Agreement and forfeit the JV Partner's contribution to the Project if the JV Partner failed to settle overdue construction cost payment to contractors of more than RMB10,000,000 for more than 3 months. In view of the JV Partner's failure to do so, Expert Pearl Group served a notice to the JV Partner to terminate the JV Agreement in October 2006. The management of Expert Pearl Group considered that the jointly controlled operation (the "JCO") to develop the Land ceased thereafter. At that time, the JV Partner had contributed RMB27,130,000 towards the Project and incurred construction cost and other payables known to Expert Pearl Group totalling RMB56,490,000. Expert Pearl Group had since assumed the legal obligation to settle the outstanding payables incurred by the JV Partner in respect of the Project and recognised a total amount of RMB148,494,000 as investment property under development up to the date of the Group received the judgement from the Shanghai No. 2 Intermediate People's Court (the "Judgement") on 28th December, 2010.

In October 2006, Expert Pearl 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 Expert Pearl Group at that time in the sum of RMB56,490,000 and forfeiture of the JV Partner's contribution of RMB27,130,000.

16. INVESTMENT PROPERTIES *(continued)*

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

On 28th December, 2010, Expert Pearl Group received the Judgement under which Expert Pearl Group's request for termination of the JV Agreement and its other claims were not granted, whilst the JV partner's counterclaim were also rejected and the JV Agreement shall continue to have effect. As a result of the Judgement, Expert Pearl Group resumed to account for the Project as a JCO. Pursuant to the JV Agreement, the JV Partner would bear the full construction cost of the Project. Accordingly, the construction cost of RMB148,494,000 (equivalent to HK$176,306,000 at 31st March, 2011) which approximates the portion of fair value of the investment property under development attributable to the construction cost incurred and capitalised by Expert Pearl Group, was reclassified from investment property under development to loan receivable from the JV Partner at 31st March, 2011 (note 22).

On 26th January, 2011, Expert Pearl Group filed an appeal against the Judgement to the Shanghai High People's Court. On 1st June, 2011, the Group received the judgement from the Shanghai High People's Court under which the Group's appeal was rejected and the JV Agreement shall continue to have effect.

In August 2011, Expert Pearl Group had lodged an application to the Supreme People's Court for retrial. On 6th January, 2012, the Group received a judgement from the Supreme People's Court ("2012 Judgement") under which the Group's retrial was rejected and the JV Agreement shall continue to have effect. As a result of the 2012 Judgement, Expert Pearl Group continued to account for the Project as a JCO.

At 31st March, 2012, the loan receivable equivalent to HK$183,183,000 was classified as current asset (note 28) as the loan receivable is expected to be recoverable within one year.

The assets and liabilities attributable to the JCO at 31st March, 2012 and 31st March, 2011 are disclosed as follows:

	2012 HK$'000	2011 HK$'000
Property, plant and equipment	186	307
Investment property under development	1,190,000	1,115,000
Loan receivable	183,183	176,306
Other receivables, deposits and prepayments	778	721
Bank balances and cash	1,029	932
Total assets	1,375,176	1,293,266
Trade and other payables	183,513	178,387
Deferred taxation	174,478	164,642
Total liabilities	357,991	343,029

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong HK$'000	Buildings HK$'000	Hotel properties HK$'000	Leasehold improvements HK$'000	Hotel property under construction HK$'000	Others HK$'000	Total HK$'000
COST OR DEEMED COST							
At 1st April, 2010	338,025	99,226	1,003,783	134,954	–	108,559	1,684,547
Exchange realignment	–	–	–	3	–	270	273
Reclassified from investment properties (note 16)	–	–	217,600	–	–	–	217,600
Additions	–	16,704	–	49,804	–	42,781	109,289
Disposals	–	–	–	–	–	(2,940)	(2,940)
At 31st March, 2011	338,025	115,930	1,221,383	184,761	–	148,670	2,008,769
Exchange realignment	–	80	–	20	–	139	239
Additions	–	13,908	–	44,920	659,541	44,434	762,803
Disposals	–	–	–	–	–	(378)	(378)
At 31st March, 2012	338,025	129,918	1,221,383	229,701	659,541	192,865	2,771,433
Comprising:							
At cost	338,025	118,918	848,507	229,701	659,541	192,865	2,387,557
At deemed cost	–	11,000	372,876	–	–	–	383,876
	338,025	129,918	1,221,383	229,701	659,541	192,865	2,771,433
DEPRECIATION							
At 1st April, 2010	61,478	15,028	61,852	18,295	–	64,214	220,867
Exchange realignment	–	–	–	2	–	48	50
Provided for the year	4,772	2,940	24,733	25,163	–	58,832	116,440
Eliminated on disposal	–	–	–	–	–	(2,051)	(2,051)
At 31st March, 2011	66,250	17,968	86,585	43,460	–	121,043	335,306
Exchange realignment	–	2	–	7	–	110	119
Provided for the Year	4,773	3,213	29,396	36,559	–	40,260	114,201
Eliminated on disposal	–	–	–	–	–	(330)	(330)
At 31st March, 2012	71,023	21,183	115,981	80,026	–	161,083	449,296
CARRYING VALUES							
At 31st March, 2012	267,002	108,735	1,105,402	149,675	659,541	31,782	2,322,137
At 31st March, 2011	271,775	97,962	1,134,798	141,301	–	27,627	1,673,463

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

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

Leasehold land in Hong Kong	The unexpired terms of the relevant leases
Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Hotel properties	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Others	10 – $33^1/_3$%

The carrying values of leasehold land, buildings and hotel properties shown above are situated on land under the following lease terms:

	2012 HK$'000	2011 HK$'000
Leasehold land in Hong Kong under:		
– long lease	231,891	235,631
– medium-term lease	35,111	36,144
	267,002	271,775
Buildings in Hong Kong under:		
– long lease	14,441	14,975
– medium-term lease	9,352	9,589
	23,793	24,564
Buildings in PRC under long lease	6,766	–
Buildings in Macau under long lease	78,176	73,398
	108,735	97,962
Hotel property in Hong Kong under long lease	96,888	100,780
Hotel property in Macau under medium-term lease	1,008,514	1,034,018
	1,105,402	1,134,798
Hotel property under construction in Hong Kong under long lease	659,541	–

18. PREPAID LEASE PAYMENTS

	HK$'000
COST	
At 1st April, 2010	335,550
Release for the year	(8,568)
At 31st March, 2011	326,982
Release for the Year	(8,568)
At 31st March, 2012	318,414

	2012 HK$'000	2011 HK$'000
The Group's prepaid lease payments comprise:		
Situated in Macau under medium-term lease	318,414	326,982
Analysed for reporting purposes as:		
– non-current portion	309,846	318,414
– current portion	8,568	8,568
	318,414	326,982

19. INTEREST IN AN ASSOCIATE

	2012 HK$'000	2011 HK$'000
Cost of investment in an associate	–	–
Share of post-acquisition reserves, net of dividends	189	172
	189	172

19. INTEREST IN AN ASSOCIATE *(continued)*

The summarised financial information in respect of the Group's associate is set out below:

Result for the Year

	2012 HK$'000	2011 HK$'000
Profit and total comprehensive income for the Year	34	60
Profit and total comprehensive income attributable to the Group	17	30

Financial position

	2012 HK$'000	2011 HK$'000
Non-current assets	802	1,030
Current assets	384	4,624
Current liabilities	(414)	(2,665)
Non-current liabilities	(394)	(2,645)
Total equity	378	344
Group's share of net asset of an associate	189	172

Particulars of the Group's associate as at 31st March, 2012 and 31st March, 2011, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group		Principal activities
		2012	2011	
Brightwing Development Limited	Hong Kong	50%	50%	Property investment

20. AMOUNT DUE FROM AN ASSOCIATE

The amount due from an associate is unsecured and interest-free. The amount due from an associate is not expected to realise in the next twelve months from the end of the reporting period and therefore classified as non-current asset.

21. DEPOSITS IN DESIGNATED BANK ACCOUNT FOR DEVELOPMENT PROPERTIES

The amount of HK$56,017,000 (2011: HK$39,835,000) (equivalent to approximately RMB45,409,000 (2011: RMB33,551,000)), was deposited to a bank account designated under 北京朝陽區房屋管理局 as a deposit for resettlement for the investment properties under development in the PRC. Such bank deposits are restricted for settlement in relation to the resettlement work and carried interest at 1.31% (2011: 1.31%) per annum.

22. LOANS RECEIVABLES

	2012	2011
	HK$'000	HK$'000
Loan receivable from the JV Partner (note 16)	–	176,306
Loans advanced to purchasers	–	1,697
	–	178,003

At 31st March, 2012, the loan receivable from JV Partner is classified as current asset. In the opinion of the Directors of the Company, the loan receivable will be recoverable within one year as the JV Agreement shall continue to have effect under the 2012 Judgement (as disclosed in note 16).

At 31st March, 2011, the loans advanced to purchasers were used for financing the acquisition of the properties sold by the Group. The amounts carried interest at Prime Rate and were secured by second mortgages over the properties acquired by the purchasers. The principal and accrued interests were assigned to a related company at carrying amount in current year.

23. GOODWILL

	HK$'000
COST	
At 1st April, 2010, 31st March, 2011 and 31st March, 2012	56,683

For the purpose of impairment test, goodwill of HK$54,743,000 (2011: HIK$54,743,000) has been allocated to hotel and hotel related of operation of Emperor EH (a single cash generating unit "CGU").

At 31st March, 2012, the Group performed an impairment review for goodwill of Emperor EH 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% (2011: 3%) per annum for subsequent years. The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the Year. The forecast is discounted using a discount rate of 19% (2011: 13%). The discount rate was determined with reference to weighted average cost of capital ("WACC") of similar companies in the industry adjusted for certain factors specify to Emperor EH. The growth rate 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. The Group considers no impairment loss is necessary.

Regarding the remaining goodwill of HK$1,940,000 (2011: HK$1,940,000), it has been allocated to the CGU for the lease of properties for the purpose of impairment test, and no impairment is considered necessary.

24. OTHER ASSETS

	2012 & 2011 HK$'000
Club debentures and membership, at cost	4,442

The club debentures and membership have indefinite life.

25. INVENTORIES

	2012 **HK$'000**	2011 HK$'000
Catering goods	**13,144**	8,153

26. PROPERTIES HELD FOR SALE

The properties held for sale comprise properties:

	2012 HK$'000	2011 HK$'000
Situated in Hong Kong and held under medium-term leases	90,519	182
Situated in the PRC and held under land use rights with terms expiring within 50 years	4,072	6,538
	94,591	6,720

27. PROPERTIES UNDER DEVELOPMENT

The amount represented projects developed for sale after completion. The properties under development at the end of the reporting period comprise:

	2012 HK$'000	2011 HK$'000
Situated in Hong Kong under:		
– long leases	2,661,858	2,460,063
– medium-term leases	421,230	194,012
	3,083,088	2,654,075

Included in the amount are properties under development for sale of approximately HK$1,403,854,000 (2011: HK$1,518,595,000) that are expected to complete within one year from the end of the reporting period.

28. TRADE AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
An analysis of trade and other receivables is as follows:		
Trade receivables	**219,521**	200,656
Chips on hand	**89,315**	111,945
Other receivables, net carrying values	**343,089**	540,703
Loan receivable from JV Partner (notes 16 and 22)	**183,183**	–
Deposits and prepayments	**80,588**	69,026
	915,696	922,330

An aged analysis of the Group's trade receivables based on the date of credit granted at the end of the reporting period is set out below:

	2012 HK$'000	2011 HK$'000
0 – 30 days	**156,948**	148,614
31 – 90 days	**16,024**	17,685
91 – 180 days	**3,906**	4,876
Over 180 days	**42,643**	29,481
	219,521	200,656

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

No credit period were granted to tenants of rental of premises. Before accepting any new tenant, the Group will internally access the credit quality of the potential tenants.

No credit period were granted to hotel customers generally except for those high credit rating customers to which an average credit period of 30 days were granted.

For gaming operation, 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.

Included in other receivables are amounts due from related companies of HK$25,094,000 (2011: HK$21,123,000). These related companies are either controlled by the AY Trust or a discretionary trust set up by an associate of Dr. Albert Yeung. The amounts are unsecured, interest-free and repayable with one year.

Included in other receivables are deposits received for pre-sale of the Group's properties under development for sale of HK$217,796,000 (2011: HK$429,493,000) under the custodian of the independent lawyers on behalf of the Group.

Included in the Group's trade receivable balances are debtors with carrying amounts of HK$3,038,000 (2011: HK$945,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK$46,243,000 (2011: HK$46,018,000) that would otherwise be past due or impaired have the terms not been renegotiated. The Group does not hold any collateral over these balances.

28. TRADE AND OTHER RECEIVABLES *(continued)*

Aging of trade receivables which are past due but not impaired

	2012 HK$'000	2011 HK$'000
Overdue for:		
1 – 30 days	2,220	126
31 – 90 days	512	472
91 – 180 days	306	12
Over 180 days	–	335
	3,038	945

Movement in the allowance for bad and doubtful debts

	2012 HK$'000	2011 HK$'000
At 1st April	72	2,151
Allowance (reversal of allowance) for bad and doubtful debts	7	(2,079)
At 31st March	79	72

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

29. INVESTMENTS IN TRADING SECURITIES

	2012 HK$'000	2011 HK$'000
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	1	1

30. PLEDGED BANK DEPOSIT/SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

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

Short-term bank deposits with an original maturity of over 3 months but within one year carry interest at fixed interest rates which range from 0.75% to 3.18% per annum.

Bank balances and cash comprise cash held by the Group and bank deposits with an original maturity of three months or less, and carry interests at prevailing market rates which range from 0.01% to 2.3% (2011: 0.01% to 2.52%) per annum.

31. ASSET CLASSIFIED AS HELD FOR SALE

At 31st March, 2012, the Group was in the process of finalising the terms and conditions relating to a disposal of certain of the Group's completed investment properties in Hong Kong. On 11th May, 2012, a provisional sale and purchase agreement ("Provisional Agreement") was eventually signed between the buyer and a wholly owned subsidiary of the Company to dispose of that investment property at consideration of HK$1,450,000,000 as disclosed in note 48(a). Completion of the transaction shall take place in November 2012 as set out in the Provisional Agreement. At 31st March, 2012, the fair value of the investment property is HK$1,450,000,000. The fair value has been arrived at on the basis as disclosed in note 16.

32. TRADE AND OTHER PAYABLES

An aged analysis of the trade payables presented based on invoice date at the end of the reporting period is set out below:

	2012 HK$'000	2011 HK$'000
0 – 90 days	**20,120**	23,872
91 – 180 days	**92**	106
Over 180 days	**35**	–
	20,247	23,978
Construction payables and accruals	**488,717**	450,020
Other payables and accruals	**163,976**	155,615
Customers' deposits	**161,517**	122,187
Deposits received from pre-sale of properties	**1,230,425**	918,570
Land premium payable (notes 46 & 48(b))	**798,000**	–
	2,862,882	1,670,370

33. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured, carried interest ranging from HIBOR + 0.88% to HIBOR + 1.20% (2011: HIBOR + 0.84% to HIBOR + 1.08%) per annum. The interest payable to the related company, a wholly-owned subsidiary of the AY Trust is 1.50% (2011: 1.10%) per annum at the end of the reporting period.

During the Year, further advance from the related company amounted to HK$1,729,841,000 (2011: HK$1,473,482,000) and the Group partially repaid the principal of HK$651,583,000 (2011: HK$422,051,000) to the related company. The principal amount outstanding as at 31st March, 2012 was HK$3,827,565,000 (2011: HK$2,749,307,000). It was agreed with the related company that the Group will repay the amount based on the sufficiency of its operating cash flows. Therefore, from time to time, the Group revises its estimates of repayments of the amount due to the related company and adjusts the carrying amount of the amount due to the related company in accordance with the revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at effective interest rate of 3.75% (2011: 3%). In the current year, the Group has recognised a deemed capital contribution from a related company of HK$103,099,000 (2011: HK$180,234,000) due to revised estimate of timing and amount of repayment to the related company, as well as fair value adjustment on initial recognition of further advance in current year.

33. AMOUNT DUE TO A RELATED COMPANY *(continued)*

In the opinion of the Directors of the Company, the carrying amount of the amount due to the related company of HK$3,282,162,000 (2011: HK$2,247,790,000) is not expected to be repaid in the next twelve months based on the estimated repayment schedule and the related company agreed not to demand for payment of this amount from the Group within one year from the end of the reporting period. Accordingly, the carrying amount of HK$3,282,162,000 (2011: HK$2,247,790,000) is shown as non-current.

34. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

	2012	2011
	HK$'000	HK$'000
Interest-free amounts	**249,191**	276,434
Less: Amounts due within one year shown under current liabilities	**(249,191)**	(203,451)
Amount due after one year	**–**	72,983

Amounts due to non-controlling interests of subsidiaries include:

(i) Amount of HK$18,970,000 (2011: HK$19,504,000) which is unsecured, interest-free and repayable on demand.

(ii) Amounts of HK$230,221,000 (2011: HK$256,930,000) unsecured interest-free shareholders' loans due to a non-controlling interest of Luck United.

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, 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. Imputed interest on these advances had been computed at an original effective interest rate of 5% and a projection on the timing of realisation of surplus fund according to budget approved by the management of Luck United.

During the Year, the Group partially repaid the principal of the interest-free shareholders' loans of HK$32,000,000 (2011: HK$32,000,000). The principal amount outstanding as at 31st March, 2012 was HK$242,000,000 (2011: HK$274,000,000). As at 31st March, 2012, the Group revised its estimates of repayments of the amounts due to non-controlling interests of a subsidiary and adjusted the carrying amount of the amounts due to non-controlling interests 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 an increase in contribution of HK$7,400,000 (2011: HK$4,232,000) being recognised as deemed contribution in equity and a decrease of the same amount being adjusted to the carrying amount of non-controlling interests in the current year.

At 31st March, 2012, in the opinion of the Directors of the Company, the carrying amount of the amounts due to non-controlling shareholders of HK$230,221,000 is expected to be repaid in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund as at 31st March, 2012.

At 31st March, 2011, the Directors of the Company expected the carrying amount of the amounts due to non-controlling interests of HK$72,983,000 was not expected to be repaid in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund at 31st March, 2011. Accordingly, the carrying amount of HK$72,983,000 was shown as non-current on that date.

35. DERIVATIVE FINANCIAL INSTRUMENTS

	2012		2011	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
Interest rate swap contract	**–**	**21,986**	–	–
Foreign currency forward contracts	**2,241**	**3,161**	–	–
	2,241	**25,147**	–	–
Analysed for reporting purposes as				
Current	**2,241**	**1,952**	–	–
Non-current	**–**	**23,195**	–	–
	2,241	**25,147**	–	–

(a) Interest rate swap contract

During the year ended 31st March, 2012, the Group used an interest rate swap contract to minimise its exposure to variability in cash flows arisen from variable-rate secured bank borrowings by swapping floating interest rates to fixed interest rates.

The major terms of the interest rate swap contract at the end of the reporting period are as follows:

Outstanding contracts as at	**Notional amount HK$'000**	**Maturity**	**Receive floating**	**Pay fixed**
31st March, 2012	500,000	21st June, 2016	HIBOR	2.088%

35. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

(b) Foreign currency forward contracts

During the year ended 31st March, 2012, the Group used foreign currency forward contracts to minimise its exposure to variability in cash flows arisen from expenditure incurred for the property development projects in the PRC. The major terms of the foreign currency forward contracts at the end of the reporting period are as follows:

At 31st March, 2012

Notional amount	Maturity	Forward contract rates
9 contracts to buy RMB6,870,000 each	Within one year	RMB1 to HK$1.2148 to RMB1 to HK$1.2185
13 contracts to buy RMB15,144,000 each	Within one year	RMB1 to HK$1.2120 to RMB1 to HK$1.2265
3 contracts to buy RMB18,262,000 each	Within one year	RMB1 to HK$1.2179 to RMB1 to HK$1.2205
4 contracts to buy RMB25,132,000 each	Within one year	RMB1 to HK$1.2243 to RMB1 to HK$1.2251
5 contracts to buy RMB25,782,000 each	Within one year	RMB1 to HK$1.2125 to RMB1 to HK$1.2279
3 contracts to buy RMB35,489,000 each	Within one year	RMB1 to HK$1.2221 to RMB1 to HK$1.2250
2 contracts to buy RMB51,564,000 each	Within one year	RMB1 to HK$1.2284 to RMB1 to HK$1.2288
2 contracts to buy RMB55,144,000 each	Within one year	RMB1 to HK$1.2271 to RMB1 to HK$1.2272
1 contract to buy RMB40,000,000	Within one year	RMB1 to HK$1.223
2 contracts to buy RMB35,120,000 each	Between one to two years	RMB1 to HK$1.2266 to RMB1 to HK$1.2285
1 contract to buy RMB35,119,000	Between one to two years	RMB1 to HK$1.2302

36. SECURED BANK BORROWINGS

	2012 HK$'000	2011 HK$'000
Carrying amount repayable*:		
Within one year	**2,438,536**	1,375,622
Between one to two years	**510,395**	1,605,801
Between two to five years	**1,523,183**	936,480
Over five years	**1,825,689**	1,686,230
	6,297,803	5,604,133
Carrying amount of bank loans that contain a repayment on demand clause shown under current liabilities	**62,024**	68,490
	6,359,827	5,672,623
Less: Amounts due within one year shown under current liabilities	**(2,500,560)**	(1,444,112)
Amounts due after one year	**3,859,267**	4,228,511

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The bank borrowings carried interest ranging from HIBOR + 0.55% to HIBOR + 2.9% (2011: HIBOR + 0.55% to HIBOR + 2.0%) per annum and are secured by certain of the Group's assets. The carrying values of these assets at the end of the reporting period were as follows:

	2012 HK$'000	2011 HK$'000
Investment properties	**17,606,280**	13,636,300
Properties under development	**3,007,123**	2,232,227
Buildings, including relevant leasehold land in Hong Kong	**83,682**	85,716
Hotel properties and hotel property under construction, including relevant leasehold land in Hong Kong	**1,630,864**	1,672,337
	22,327,949	17,626,580

At 31st March, 2012, the effective interest rate on the Group's borrowings is 1.77% (2011: 1.80%) per annum.

37. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during current and prior years.

	Accelerated tax depreciation HK$'000	Development costs capitalised HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1st April, 2010	(106,532)	(4,191)	(227,024)	53,876	(283,871)
Credit (charge) to profit or loss (note 13)	3,655	–	(40,031)	(18,816)	(55,192)
Credit to equity	306	–	–	–	306
At 31st March, 2011	(102,571)	(4,191)	(267,055)	35,060	(338,757)
Exchange realignments	–	–	(5,826)	–	(5,826)
Charge to profit or loss (note 13)	(20,010)	–	(47,145)	(6,853)	(74,008)
Credit to equity	299	–	–	–	299
Disposal of a subsidiary (note 42)	9,316	–	–	–	9,316
At 31st March, 2012	(112,966)	(4,191)	(320,026)	28,207	(408,976)

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

At 31st March, 2012, the Group had tax losses of HK$955,966,000 (2011: HK$1,094,930,000) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$170,951,000 (2011: HK$212,485,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$785,015,000 (2011: HK$882,445,000) due to the unpredictability of future profit streams. The tax losses of the Group might be carried forward indefinitely.

The Group has rebutted the presumption under Amendments to HKAS12 "Income taxes" for the Group's investment properties located in the PRC and Macau as such properties are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1st January, 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$174,837,000 (2011: HK$154,247,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

38. SHARE CAPITAL

	Number of shares	Share capital HK$'000
THE COMPANY		
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st April, 2010, 31st March, 2011, 1st April, 2011 and 31st March, 2012	500,000,000,000	5,000,000
Issued and fully paid:		
At 1st April, 2010	2,968,310,840	29,683
Increase in shares upon the acquisition of additional interest in Expert Pearl Group (note (a))	186,076,849	1,860
Increase in shares upon the acquisition of additional interest in Emperor EH in connection with the Offer (note (b))	17,670,030	177
Increase in shares upon the distribution of the Company's shares (note (c))	494,718,473	4,948
At 31st March, 2011 and 31st March, 2012	3,666,776,192	36,668

Notes:

(a) Acquisition of additional interest in Expert Pearl Group

The issue and allotment of 186,076,849 shares of the Company to the non-controlling interests of Emperor EH as part of the transfer of equity interest in Expert Pearl Group has resulted in an increase in the Group's equity interest in Expert Pearl Group from 57.5% to 100% and the difference of HK$56,265,000 between the consideration paid of HK$301,444,000 and the decrease in non-controlling interest of HK$357,709,000 from the acquisition of additional interest in Expert Pearl Group, being recognised in other reserve.

(b) Acquisition of additional interest in Emperor EH in connection to the general offer proposed by the Company to shareholders of Emperor EH to acquire all of the issued shares in Emperor EH (other than those shares already held by the Company) (the "Offer").

The acquisition of additional interest in Emperor EH as a result of the Offer was satisfied by the issue and allotment of 17,670,030 shares of the Company and cash payment of HK$706,000, amounting to HK$29,332,000 in total. The difference of HK$4,527,000 between the consideration paid of HK$29,332,000 and the decrease in the non-controlling interest of HK$33,859,000 was recognised directly in other reserve.

(c) Distribution of the Company's shares

The distribution of 494,718,473 shares of the Company on the basis of one share of the Company for every six shares of the Company held by the shareholders of the Company.

The shares issued rank pari passu in all respects with the then existing shares of the Company.

39. SHARE OPTION

Share option scheme of the Company

The Company adopted a share option scheme (the "Scheme") which became effective on 9th September, 2003 (the "Adoption Date"). The primary purpose of the Scheme is to provide incentives or rewards to the participants including the Directors and eligible employees of the Group, for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest.

Under the Scheme, the Directors of the Company are authorised, at any time within ten years after the Adoption Date, to offer to grant options to any participant 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 price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a 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.

The movement of number of share options, which were granted to the Directors of the Company under the Scheme are as follows:

Date of grant	Exercisable period	Exercise price per share* HK$	Outstanding at 1st April, 2010	Adjustments during the Year*	Outstanding at 31st March, 2011	Lapsed during the Year#	Outstanding at 31st March, 2012
11.8.2005	11.8.2005 – 10.8.2015	1.880	20,000,000	(20,000,000)	–	–	–
		1.746	–	21,538,950	21,538,950	–	21,538,950
28.1.2008	28.1.2008 – 27.1.2013	2.910	17,500,000	(17,500,000)	–	–	–
		2.702	–	18,846,579	18,846,579	(2,692,368)	16,154,211
			37,500,000	2,885,529	40,385,529	(2,692,368)	37,693,161

* The number of share options and corresponding exercise price had been adjusted as a result of distribution of the Company's shares as disclosed in note 38(c).

\# The share options lapsed due to the resignation of one of the Directors of the Company.

The share options granted were vested immediately at the date of grant.

During the Year, no share option was granted under the Scheme by the Company.

39. SHARE OPTION *(continued)*

Share option scheme of Emperor EH

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

Under the Emperor EH Scheme, the directors of Emperor EH are authorised, at any time within ten years after the Emperor EH Adoption Date, to grant options to any participants to subscribe for shares in Emperor EH at a price not less than the highest of (i) the closing price of Emperor EH shares on the date of grant; (ii) the average closing prices of Emperor EH shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of Emperor EH share. The total number of shares in respect of which options may be granted under the Emperor EH Scheme cannot exceed 10% of the total number of shares in issue on the Emperor EH 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 Emperor EH Scheme and any other share option scheme of Emperor EH, 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 by Emperor EH to two directors of Emperor EH who are also Directors of the Company at an exercise price of HK$2.20 under the terms of the Emperor EH Scheme. The options were vested immediately at the date of grant.

The outstanding share options, which were granted to the directors of Emperor EH are as follows:

Date of grant	Exercisable period	Exercise price per share HK$	Number of options outstanding at 1st April, 2010, 31st March, 2011 and 31st March, 2012
11.8.2005	11.8.2005 – 10.8.2015	2.20	10,000,000

During the Year, no share option was granted by Emperor EH under the Emperor EH Scheme.

40. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31st March, 2012 was a deemed contribution by non-controlling interests of HK$22,297,000 (2011: HK$14,897,000) arising from initial recognition and subsequent changes in cash flow estimates (see note 34 for details) on certain loans from the non-controlling interests of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings.

41. ACQUISITIONS

(i) During the year ended 31st March, 2012, the Group acquired additional 34,015,000 issued shares of Emperor EH, representing 2.63% equity interests in Emperor EH, from non-controlling interests of Emperor EH, at cash consideration of HK$44,344,000. The difference between the consideration paid of HK$44,344,000 and the decrease in the non-controlling interest of HK$52,435,000 of HK$8,091,000 was recognised directly in other reserve.

(ii) During the year ended 31st March, 2011, the Group acquired additional equity interests in Expert Pearl Group and Emperor EH. Details are set out in note 38 (a) and (b).

(iii) During the year ended 31st March, 2011, Good Force Investments Limited ("Good Force"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Gain Wealth Investments Limited ("Gain Wealth"), a related company, to acquire the entire issued share capital of Richfield Development Limited ("Richfield") at a consideration of approximately HK$16,900,000. Gain Wealth is a wholly owned subsidiary of the AY Trust. Richfield is an investment holding company holding 100% equity interest in Shinning World Investment Limited ("Shinning World") which is engaged in property investment. The major asset of Shinning World is a commercial property for rental purpose.

42. DISPOSAL OF A SUBSIDIARY

On 25th July, 2011, Good Force, entered into an agreement for sale and purchase with an independent third party, in relation to the disposal of the entire issued share capital of Emperor Investment Intermediary Limited ("EIIL"), at a consideration of HK$613,032,000. EIIL was an investment holding company and the major asset held by its subsidiary was an investment property namely Emperor International Square.

The net assets of EIIL at the date of disposal were as follows:

	HK$'000
Investment property	850,000
Debtors, deposit and prepayments	4,089
Creditors, customer deposits and accrued charges	(11,277)
Taxation payable	(1,640)
Deferred taxation	(9,316)
Bank loan	(245,111)
Net assets disposed of	586,745
Gain on disposal	26,287
Total consideration	613,032
Net cash inflow arising on disposal:	
Cash consideration	613,032
Less: Bank balances and cash disposed of	–
	613,032

43 COMMITMENTS

	2012 HK$'000	2011 HK$'000
Authorised but not contracted for in respect of:		
– property under development for sale	**1,617,271**	691,741
– investment properties	**2,214,357**	1,917,032
– property, plant and equipment	**82,279**	92,537
	3,913,907	2,701,310
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property under development for sale	**280,463**	665,247
– investment properties	**799,042**	1,435,851
– property, plant and equipment	**42,126**	681
	1,121,631	2,101,779
	5,035,538	4,803,089

44. OPERATING LEASE COMMITMENTS

The Group as lessee

	2012 HK$'000	2011 HK$'000
Minimum lease payment paid and payable under operating leases during the Year in respect of rented premises	**5,778**	4,352

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

	2012 HK$'000	2011 HK$'000
Within one year	**5,753**	2,202
In the second to fifth year inclusive	**3,589**	235
	9,342	2,437

Leases are negotiated for terms ranging from 1 to 3 years (2011: 1 to 2 years) and the rentals are pre-determined and fixed.

44. OPERATING LEASE COMMITMENTS *(continued)*

The Group as lessor

	2012	2011
	HK$'000	HK$'000
Minimum lease payments received and receivable under operating leases during the Year in respect of investment properties	489,968	413,798

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

	2012	2011
	HK$'000	HK$'000
Within one year	524,568	347,650
In the second to fifth years inclusive	649,264	229,032
	1,173,832	576,682

Certain premises in the Group's investment properties have committed tenants for the tenancy ranging from 1 to 6 years and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The contingent rental income recognised during the year is HK$12,049,000 (2011: HK$12,270,000). The lease commitments presented above is based on the existing committed monthly minimum lease payments.

45. MAJOR NON-CASH TRANSACTIONS

(a) During the Year, additions of investment properties, property, plant and equipment and properties under development for sale of HK$365,097,000, HK$565,000 and HK$20,500,000, respectively, were settled by utilising deposits paid in prior year.

The additions of investment properties under construction included recognition of land premium payable of HK$798,000,000 (note 32).

(b) During the year ended 31st March, 2011, additions of investment properties of HK$53,684,000 were settled by utilising deposits paid in prior year.

The consideration for the acquisition of additional interest in Expert Pearl Group and part of the consideration for the acquisition of additional interest in Emperor EH in connection to the Offer that occurred during the year ended 31st March, 2011 comprised shares of the Company. Further details of the transactions are set out in note 38.

The distribution of 494,718,473 shares of the Company from the Company's share premium. Further details are set out in note 38.

46. CONTINGENT LIABILITIES

In July 2008, Gold Shine Investment Limited ("Gold Shine"), an indirectly held subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of interpretation of the government lease relating to its investment properties under development situated in Repulse Bay. A land premium may have to be paid to the government of the HKSAR in order for the properties to be rent out if the declarations sought were not granted to the Group. The court of first instance declined to grant the declarations sought. In January 2010, Gold Shine had lodged an appeal. In May 2012, Gold Shine had reached an agreement with the government of HKSAR on the amount of land premium, being HK$798,000,000 (note 48(b)). Accordingly, Gold Shine had obtained consent of dismissal from the government of HKSAR on 15th May, 2012 and obtained endorsement from the Hong Kong Court of Appeal on Request for Dismissal of Appeal by Consent on 18th May, 2012 that putting an end to the court proceedings. Land premium payable was recognised at 31st March, 2012 in respect to the agreed amount of land premium (note 32).

47. RELATED PARTY TRANSACTIONS

(a) Other than disclosed in notes 20, 28, 33, 34 and 41 (ii) and (iii), the Group also had the following significant transactions with related parties:

	2012	2011
	HK$'000	HK$'000
Advertising expenses to related companies	**3,818**	4,071
Disposal of property held for sale to related companies	**–**	19,470
Disposal of mortgage loans to a related company	**21,163**	30
Commission to Dr. Albert Yeung in capacity of a patron of the Group's VIP rooms	**229**	465
Hotel and restaurant income from related companies	**1,077**	835
Interest expenses to a related company	**118,982**	58,065
Service fees received from related companies	**326**	1,160
Rental income from related companies	**201,543**	130,631
Secretarial fee expenses to a related company	**660**	630
Share of administrative expenses by related companies	**61,632**	49,804

Note: The above related parties are either controlled by AY Trust, certain Directors of the Company, or a discretionary trust set up by an associate of Dr. Albert Yeung.

(b) The key management personnel of the Company are Directors of the Company. Details of the remunerations are set out in note 12.

(c) On 22nd July, 2011, the Group entered into an accommodation contract with Dr. Albert Yeung under which the Group provided Dr. Albert Yeung and his associates the exclusive right to use and occupy a property of the Group as rent-free quarter (including related expenses in relation to the usage of the property) as his emolument for his services as a consultant of the Group. The market rental values and the related expenses of the quarter up to 31st March, 2012 was HK$6,054,000 (2011: Nil).

48. EVENTS AFTER THE REPORTING PERIOD

(a) On 11th May, 2012, Pleasure View Investment Limited ("Pleasure View"), a wholly-owned subsidiary of the Company, entered into a provisional for sale and purchase agreement to dispose of an investment property at a consideration of HK$1,450,000,000.

(b) On 15th May, 2012, Gold Shine entered into an agreement with the government of HKSAR on land premium amounting to HK$798,000,000 in relation to the investment properties under development situated in Repulse Bay, Hong Kong.

49. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31st March, 2012 and 31st March, 2011 is as follows:

	2012 HK$'000	2011 HK$'000
Total assets		
Investment in subsidiaries	**893,236**	893,236
Other receivables	**449**	399
Amounts due from subsidiaries	**6,530,289**	6,493,915
Bank balances and cash	**93**	34
	7,424,067	7,387,584
Total liabilities		
Other payables	**723**	1,109
Capital and reserves		
Share capital	**36,668**	36,668
Reserves (note)	**7,386,676**	7,349,807
	7,423,344	7,386,475

49. FINANCIAL INFORMATION OF THE COMPANY *(continued)*

Note:

	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Accumulated profit HK$'000	Total HK$'000
At 1st April, 2010	29,683	4,219,139	19,612	431,322	2,617,861	7,317,617
Loss and total comprehensive expense for the year	–	–	–	–	(1)	(1)
Corporate restructuring						
– Acquisition of additional interest in Expert Pearl Group (note 38(a))	1,860	299,584	–	–	–	301,444
– Acquisition of additional interest in connection with the Offer (note 38(b))	177	28,449	–	–	–	28,626
– Distribution of the Company's shares (note 38(c))	4,948	(4,948)	–	–	–	–
Final dividend paid for 2010	–	–	–	(118,732)	–	(118,732)
Interim dividend paid for 2011	–	–	–	(142,479)	–	(142,479)
At 31st March, 2011	36,668	4,542,224	19,612	170,111	2,617,860	7,386,475
Profit and total comprehensive income for the Year	–	–	–	–	410,880	410,880
Share options lapsed during the Year	–	–	(2,137)	–	2,137	–
Final dividend paid for 2011	–	–	–	(60,637)	(130,036)	(190,673)
Interim dividend paid for 2012	–	–	–	–	(183,338)	(183,338)
At 31st March, 2012	36,668	4,542,224	17,475	109,474	2,717,503	7,423,344

50. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2012 and 31st March, 2011, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value of issued share capital held by the Group 2012 %	2011 %	Principal activities
Directly held					
Emperor Investment Limited	Hong Kong	1,000	**100.00**	100.00	Investment holding
Indirectly held					
Active Pace Investment Limited	Hong Kong	100	**100.00**	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	**100.00**	100.00	Property investment

50. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value of issued share capital held by the Group 2012 %	2011 %	Principal activities
Indirectly held *(continued)*					
Affluent Travel Services Limited	Hong Kong	500,000	**36.90**[5]	35.32[5]	Provision of travel agency services
Arch-Concept Limited	Hong Kong	2	**100.00**	100.00	Property development
Asian Glory Limited	Macau	MOP25,000	**36.90**[5]	35.32[5]	Property holding
Bo Shing Real Estate Limited	Hong Kong	1,002	**100.00**	100.00	Investment holding and property investment
Century Creations Limited	Hong Kong	10,000	**100.00**	100.00	Property development
Champion Collection Limited	Hong Kong	1	**100.00**	100.00	Property investment
Chance Yield Development Limited	Hong Kong	2	**100.00**	100.00	Property investment
Cherish Will Limited	Hong Kong	2	**100.00**	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	**100.00**	100.00	Property development
Diamond Faith Company Limited	Hong Kong	2	**100.00**	100.00	Property development
Diamond King Limited	Hong Kong	2	**100.00**	100.00	Property investment
Distinct Rich Limited	Hong Kong	1,002	**100.00**	100.00	Investment holding and property investment
Eastgate Investments Limited	Hong Kong	2	**100.00**	100.00	Property development
eDaily Systems Limited	Hong Kong	2	**100.00**	100.00	Property investment
EIL Property Management Limited	Hong Kong	100	**100.00**	100.00	Provision of property management services
Elegant Hero Enterprise Limited	Hong Kong	100	**100.00**	100.00	Property investment
Emperor (Beijing) Real Estate Development Limited	PRC	990,000,000	**100.00**	100.00	Property development
Emperor (Shanghai) Co., Ltd.[2]	PRC	US$45,000,000	**100.00**	100.00	Property development
Emperor (Xiamen) Real Estate Investments Limited[3]	PRC	US$5,000,000	**97.19**	97.19	Property development
Emperor Cultural Heritage Investment Limited (Formerly known as Forever Crown Limited)	Hong Kong	10,000	**96.21**	100.00	Property investment
Emperor Entertainment Hotel Holdings Limited (Formerly known as Worthly Strong Investment Limited)	Hong Kong	100	**100.00**	100.00	Investment holding
Emperor Entertainment Hotel Investment Limited (formerly known as Lavergem Holdings Limited)	British Virgin Islands/ Hong Kong	US$1	**61.50**	58.87	Investment holding

50. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value of issued share capital held by the Group 2012 %	2011 %	Principal activities
Indirectly held *(continued)*					
Emperor Entertainment Hotel Management Limited	Macau	MOP25,000	**36.90**[5]	35.32[5]	Provision of project financing services
Emperor EH[4]	Bermuda	129,255	**61.50**	58.87	Hotel and gaming operation
Emperor Hotel (HK) Limited	Hong Kong	2	**100.00**	100.00	Property investment and hotel operations
Emperor Hotel Limited	Hong Kong	2	**100.00**	100.00	Property development
Emperor Investment (Management) Limited	Hong Kong	100	**100.00**	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	**100.00**	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	**100.00**	100.00	Provision of property agency services
Express Honor Enterprises Limited	Hong Kong	1	**100.00**	100.00	Property investment
Fai Iek Limitada	Macau	MOP25,000	**100.00**	100.00	Property investment
Gallan Limited	Hong Kong	2	**100.00**	100.00	Property investment
Gold Shine	Hong Kong	2	**97.71**	97.67	Property development
Golden Pegasus Investment Limited	Hong Kong	100,000	**100.00**	100.00	Property investment
Great Assets Holdings Limited	British Virgin Islands/Macau	US$50	**61.50**	58.87	Investment holding
Great Future Hong Kong Limited	Hong Kong	2	**100.00**	100.00	Property investment
Headwise Investment Limited	Hong Kong	2	**100.00**	100.00	Property investment
Hoi Tin Marine Products Limited	Hong Kong	10,000	**100.00**	100.00	Property investment
I Soi Limitada	Macau	MOP25,000	**100.00**	100.00	Property investment
I Veng Limitada	Macau	MOP25,000	**100.00**	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	**100.00**	100.00	Property investment
Joyful Star Corporation Limited	Hong Kong	1	**100.00**	100.00	Property investment
Keen Million Limited	British Virgin Islands/Macau	US$1	**36.90**[5]	35.32[5]	Provision of mass market and slot machine services
Keenpower Base Limited	Hong Kong	1	**100.00**	100.00	Property investment

50. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value of issued share capital held by the Group 2012 %	2011 %	Principal activities
Indirectly held *(continued)*					
Lord Link Limited	Hong Kong	1	**100.00**	100.00	Property investment
Luck United	British Virgin Islands/Macau	US$10,000	**36.90[5]**	35.32[5]	Investment holding
Max Intelligence Limited	Hong Kong	1	**100.00**	100.00	Property investment
National Goal Limited	Hong Kong	2	**100.00**	100.00	Property investment
Pacific Strong Bases (Holding) Company Limited	Macau	MOP500,000	**36.90[5]**	35.32[5]	Provision of hotel and catering services
Planwing Limited	Hong Kong	2	**100.00**	100.00	Property investment
Pleasure View	Hong Kong	2	**100.00**	100.00	Property investment
Precision Faith Limited	Macau	MOP100,000	**61.50**	58.87	Provision of VIP room and gaming related marketing and promotion services
Prestige Gold Investment Limited	Hong Kong	100	**100.00**	100.00	Property holding
Profit Crest Limited	Hong Kong	1	**100.00**	100.00	Property development
Rich Gallant Investment Limited	Hong Kong	2	**100.00**	100.00	Property development
Richorse Limited	Hong Kong	2	**100.00**	100.00	Property investment
Right Achieve Limited	British Virgin Islands/Macau	US$1	**36.90[5]**	35.32[5]	Investment holding
Royal Arcardia Limited	Hong Kong	2	**100.00**	100.00	Property investment
Shining Silver Limited	Hong Kong	1	**100.00**	100.00	Property investment
Super Harmony Holdings Limited	Hong Kong	1	**100.00**	100.00	Property investment

50. PARTICULARS OF SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value of issued share capital held by the Group 2012 %	2011 %	Principal activities
Indirectly held *(continued)*					
Tin Hou Limited	Macau	MOP25,000	**61.50**	58.87	Provision of agency services for gaming operation
Union Reward International Limited	Hong Kong	1	**100.00**	100.00	Property investment
Very Sound Investments Limited	Hong Kong	10,000,000	**100.00**	100.00	Property investment
Webster Investments Company Limited	Hong Kong	1,000,000	**100.00**	100.00	Property development
World Fortune Corporation Limited	Hong Kong	2	**100.00**	100.00	Property investment
Ying Wong Property Limited	Hong Kong	100	**100.00**	100.00	Property investment
Yorkshore Corporation Limited	Hong Kong	10,000,000	**100.00**	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	**100.00**	100.00	Property investment

1 All amounts are in Hong Kong dollars except stated otherwise.

2 Wholly own foreign investment enterprise.

3 A Sino-foreign corporative joint venture established in the PRC.

4 Emperor EH's shares are listed on the Stock Exchange.

5 These companies are non-wholly owned subsidiaries of Emperor EH and are regarded as non-wholly owned subsidiaries of the Company because the Group has control over the financial and operating policies of these companies.

All subsidiaries, except for those companies incorporated outside Hong Kong, carry on their businesses in Hong Kong unless stated otherwise.

None of the subsidiaries of the Company issued any debt securities as at 31st March, 2012 and 31st March, 2011.

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

RESULTS

	Year ended 31st March,				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**2,959,603**	1,784,847	1,449,773	348,170	1,770,164
Profit (loss) before taxation	**5,080,332**	3,800,203	3,334,910	(1,683,331)	1,447,428
Taxation	**(154,392)**	(99,373)	(148,633)	(6,772)	(2,332)
Profit (loss) for the Year	**4,925,940**	3,700,830	3,186,277	(1,690,103)	1,445,096
Attributable to:					
Owners of the Company	**4,459,091**	3,444,702	3,059,424	(1,689,672)	1,445,248
Non-controlling interests	**466,849**	256,128	126,853	(431)	(152)
	4,925,940	3,700,830	3,186,277	(1,690,103)	1,445,096

ASSETS AND LIABILITIES

	At 31st March,				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**33,005,564**	25,285,173	19,281,613	10,640,067	10,920,846
Total liabilities	**(13,789,251)**	(10,725,623)	(8,366,227)	(5,713,834)	(4,233,399)
	19,216,313	14,559,550	10,915,386	4,926,233	6,687,447
Equity attributable to:					
Owners of the Company	**17,495,301**	13,212,261	9,394,224	4,926,531	6,687,377
Non-controlling interests	**1,721,012**	1,347,289	1,521,162	(298)	70
	19,216,313	14,559,550	10,915,386	4,926,233	6,687,447

Summary of Properties

Particulars of the Group's major investment properties and properties under development as at 31st March, 2012, are as follows:

INVESTMENT PROPERTIES

Completed investment properties

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
1.	Ground Floor and 1st Floor, 474-476 Lockhart Road, and Shop G on Ground Floor, Pun Tak Building, 478-484 Lockhart Road Causeway Bay, Hong Kong	Commercial	4,710 (G)	–	100
2.	Ground Floor and 1st Floor of 46 Leighton Road and Ground Floor of 44 and 48 Leighton Road, Lai Chi Building Causeway Bay, Hong Kong	Commercial	6,054 (G)	–	100
3.	Units 1 to 4 on 12th Floor, Wing Yip Commercial Building 65-71 Yen Chow Street, Shamshuipo, Kowloon	Commercial	958 (G)	–	100
4.	Carpark Nos. 1-11, 20, 23, 23A, 24 and 24A on Ground Floor, Kwong Sang Hong Building, Blocks C and D, 188 Wanchai Road, Wanchai, Hong Kong	Carparks	–	16	100
5.	Unit 601 to 604, 606, 705, 801, 802, 806 901, 902, 1103, 1104, 1206, 1207, 1505, 1605, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1802, 1803, 1807, 2001, 2006, 2007, and 2101 Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	Office	44,343 (G)	–	100
6.	Shops on Basement One and Two, G/F – 4/F, Some Commercial Units on 23/F – 29/F, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong	Commercial/ Office	147,400 (G)	36	100
7.	Emperor Plaza, 55 Chung On Street, Tsuen Wan, New Territories	Commercial	195,600 (G)	–	100

Summary of Properties

INVESTMENT PROPERTIES *(continued)*

Completed investment properties *(continued)*

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
8.	Ground Floor and 1st Floor 523 Lockhart Road, Causeway Bay, Hong Kong	Commercial	1,850 (G)	–	100
9.	Shops 1-3 & 5 on Ground Floor, the whole of 1st, 2nd and 3rd Floors, the External Walls of Ground Floor to 3rd Floor, the Flat Roof on 5th Floor and Parapet Walls enclosing the Flat Roof on 5th Floor and Lift No. 1 and No. 5, 8 Russell Street, Causeway Bay, Hong Kong	Commercial/ Shops	26,952 (G)	–	100
10.	Shop 1-4 Lower G/F Yee Fung Building 1A Wong Nai Chung Road Happy Valley Hong Kong	Shops	3,364 (G)	–	100
11.	Ground Floor and 1/F, 4, 6 and 8 Canton Road, Tsimshatsui, Kowloon	Shops	4,328 (G)	–	100
12.	Unit A to H on 17th Floor and Vehicle Parking Space No. 7 on G/F Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial/ Carparks	11,554 (S)	1	100
13.	Units C, D and G on 18th Floor Unit H on 1st Floor and Vehicle Parking Spaces Nos. 11-12 on G/F Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial/ Carparks	6,060 (S)	2	100

Summary of Properties

INVESTMENT PROPERTIES *(continued)*

Completed investment properties *(continued)*

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
14.	Shops A & B on Ground Floor Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial	14,211 (S)	–	100
15.	Shops Nos. 7-11 & Entrance on Ground Floor, the whole of 1st to 5th Floors Wei Kei Building 275 Chatham Road North Hung Hom Kowloon	Commercial	12,994 (S)	–	100
16.	The Ulfert Centre (formerly known as Golden Castle Industrial Building), 4 Kin Fat Lane Tuen Mun New Territories	Industrial	178,817 (G)	–	100
17.	G/F, Portion B, 63-69 Avenida De Infante D. Henrique and Shop C2 on G/F No. 5 Rua Dr. Pedro Jose Lobo Macau	Commercial	1,167 (S)	–	100
18.	Shops A, B & E, G/F, Hung Hei Mansion, 5-8 Queen's Victoria Road, Central, Hong Kong	Commercial	3,235 (G)	–	100
19.	Shops 1-6, G/F and 1-2/F, 1st and 2nd Advertising Walls, 525 Shanghai Street, Mongkok, Kowloon	Commercial	5,548 (G)	–	100
20.	Unit C, 6/F, CNT Tower Wanchai, Hong Kong	Office	940 (G)	–	100

Summary of Properties

INVESTMENT PROPERTIES *(continued)*

Completed investment properties *(continued)*

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
21.	B/F, G/F, 1/F -4/F of Block A, No. 201-209 Avenida De Almeida Riberiro, No. 1-3 Pario Das Esquinas, Macau	Commercial	11,243 (S)	–	100
22.	Flat A & C, 12/F and Flat B, 17/F, Ying Fai Court, 1 Ying Fai Terrace, Hong Kong	Residential	1,780 (G)	–	100
23.	B1, B2 and 3/F, The Emperor (Happy Valley) Hotel, 1A Wang Tak Street, Happy Valley, Hong Kong	Commercial	16,128 (G)	–	100
24.	Shop A, D2 & E2, G/F, Harilela Mansion, 81 Nathan Road, Tsimshatsui, Kowloon	Shops	3,061 (G)	–	100
25.	153-157 Castle Peak Road, Yuen Long, New Territories	Commercial/ Residential	8,841 (G)	–	100
26.	22-24 Russell Street, Causeway Bay, Hong Kong	Commercial/ Shops	10,092 (G)	–	100
27.	54-56 Russell Street, Causeway Bay, Hong Kong	Commercial/ Residential	10,868 (G)	–	100
28.	G/F, 20 Russell Street, Causeway Bay, Hong Kong	Shops	1,125 (G)	–	100
29.	Fitfort, 560 King's Road, North Point, Hong Kong	Shops/ Carparks	13,310 (G)	353	100
30.	Shop C & D, G/F and Units A and B, 1/F, Mercantile House, Kowloon	Shops	2,720 (G)	–	100
31.	G/F, 76 Percival Street	Shops	600 (G)	–	100

INVESTMENT PROPERTIES *(continued)*

Completed investment properties *(continued)*

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
32.	Shop A & B on G/F, Office A & B on 1/F, Tak Tat Building, 50 – 52 Russell Street, HK	Shops/ Office	3,720 (G)	–	100
33.	Shop on G/F, 98 Java Road, Hong Kong	Shops	4,435 (G)	–	100

Remarks: (G) – gross floor area

(S) – saleable area

Investment properties under development

	Location	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	26 – 30 Beach Road Repulse Bay Hong Kong	Commercial	45,530	143,437	Superstructure completed	2012	97	98
2.	北京長安大街凱特大廈 A parcel of land located at Yong An Xi Li, Chaoyang District, Beijing, The PRC	Commercial	88,417	1,020,000 (incl. basement)	Cleared site	2016	–	100
3.	Emperor Star City, a site located at Yuyuan Jiedao 548 Jiefang 11/1 Qiu Huang District Shanghai, the PRC	Commercial complex	246,173	1,300,000 (incl. basement)	Foundation completed	2016	–	Note
4.	71-75, Avenida Do Infante. D. Herique 514-540 Avenida Da Praia Grande, Macau	Commercial	5,404	29,590	Site	2014	–	100

Note: 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.

Summary of Properties

HOTEL PROPERTY UNDER DEVELOPMENT

	Location	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	373 Queen's Road East, Hong Kong	Hotel	7,718	115,767	Demolition completed	2015	–	100

PROPERTIES UNDER DEVELOPMENT – FOR SALE

	Location	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	Various Lots, DD210, Sai Kung New Territories	Residential	99,816	32,000	Site	2015	–	100
2.	Harbour One, 458 Des Voeux Road West, Hong Kong	Residential	14,061	140,000	Occupation Permit obtained	2012	–	100
3.	18-36 Shing On Street, Sai Wan Ho, Hong Kong	Residential/ Commercial	7,238	70,000	Superstructure in progress	2012	–	100
4.	396-400 Prince Edward Road West, Kowloon City, Kowloon	Residential/ Commercial	3,319	30,000	Occupation Permit obtained	2012	–	100
5.	Cheung Ka Industrial Building, 179-180 Connaught Road West, and 345-345A, Des Voeux Road West, Hong Kong	Residential/ Commercial	18,267	185,000	Foundation in progress	2015	–	100
6.	54-60 Portland Street, Kowloon	Residential/ Commercial	4,053	33,993	Foundation in progress	2014	–	100