



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

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

Strategic Move to
Create Enduring Value



ANNUAL REPORT
2012/2013

Having the largest coverage at the street-level shops at Russell Street, the most valuable shopping street in the world since 2012, the Group is poised to capture notable rental growth.

INVESTMENT PROPERTY

REVENUE
+28.0%

Majority of the sales proceeds and profits from the sales of residential units at Harbour One, 18 Upper East, The Java and The Prince Place were recognised during the Year, which made significant contribution to the Year's earnings.

PROPERTY DEVELOPMENT

REVENUE
+371.6%

Casino operation in Macau achieved high table yields through effective management in customer segmentation, boosting income in hospitality segment.

HOTEL OPERATION AND RELATED SERVICES

REVENUE
+13.1%

With strong execution strengths and excellent market insights, **Emperor International Holdings Limited** owns many investment properties at prime locations for generating stable income in long-term and runs many property development projects for earnings visibility.



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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**
Cheng Ka Yu**

* Non-executive Director

** Independent Non-executive Directors

Company Secretary

Liu Chui Ying

Audit Committee

Chan Man Hon, Eric (*Chairman*)
Liu Hing Hung
Cheng Ka Yu

Remuneration Committee

Liu Hing Hung (*Chairman*)
Wong Chi Fai
Cheng Ka Yu

Nomination Committee

Cheng Ka Yu (*Chairperson*)
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.EmperorInt.com>

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
26 Burnaby Street
Hamilton HM11
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
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited

American Depository Bank

BNY Mellon Depository Receipts
P.O. Box 43006
Providence, RI 02940-3006
USA

Key Dates

Annual Results Announcement	17 June 2013
Book Close Dates	
– For AGM	7 August 2013
– For Final Dividend	15 to 16 August 2013
Record Dates	
– For AGM	7 August 2013
– For Final Dividend	16 August 2013
Annual General Meeting	8 August 2013
Payment of Final Dividend	6 September 2013 (HK\$0.056 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 this Annual Report. Upon written request, a free printed version of Corporate Communication 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 any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our 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.



458 Des Voeux Road West, Hong Kong
www.harbourone.com.hk

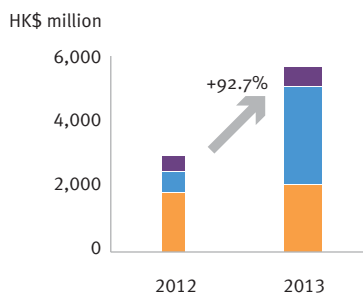


Financial Highlights

For the year ended 31st March

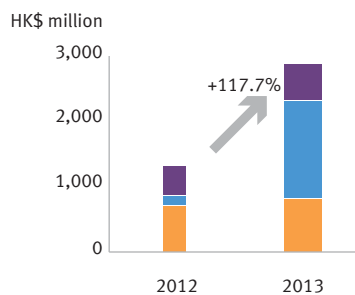
	2013 HK\$'000	2012 HK\$'000	Changes
Revenue			
Lease of properties	627,032	489,968	+28.0%
Properties development	3,002,849	636,682	+371.6%
Hotel and hotel related operations	2,073,584	1,832,953	+13.1%
Total Revenue	5,703,465	2,959,603	+92.7%
Segment profit			
Lease of properties	560,571	459,728	+21.9%
Properties development	1,499,449	154,784	+868.7%
Hotel and hotel related operations	825,594	711,160	+16.1%
Total Segment Profit	2,885,614	1,325,672	+117.7%
Revaluation gain on properties	4,599,033	3,975,065	+15.7%
Profit for the year attributable to owners of the Company	6,156,029	4,459,091	+38.1%
Earnings per share			
Basic	HK\$1.68	HK\$1.22	+37.7%
Diluted	HK\$1.68	HK\$1.22	+37.7%

Total Revenue

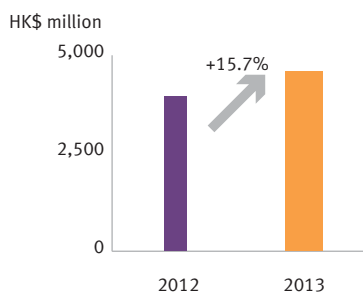


■ Lease of properties
 ■ Properties development
 ■ Hotel and hotel related operations

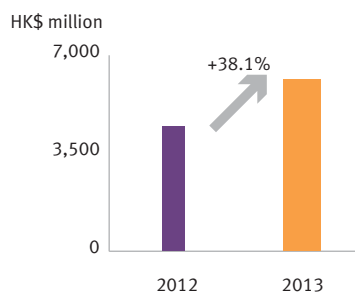
Total Segment Profit



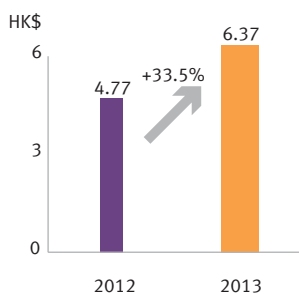
Revaluation Gain on Properties



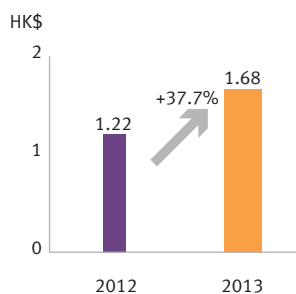
Net Profit



Net Asset Value Per Share



Earnings Per Share





港島·東

18

UPPER EAST

ISLAND, HONG KONG

18 Shing On Street, Shaukiwan, Hong Kong
www.18uppereast.com



THE
JAVA
渣華道 98 號

96-106 Java Road, North Point, Hong Kong
www.thejava.com.hk



THE *Prince* 御·太子
PLACE

No. 398 Prince Edward Road West,
Kowloon City, Kowloon
www.theprinceplace.com

Management Discussion and Analysis

Emperor International Holdings Limited (the “Company”) and its subsidiaries (collectively referred 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

Despite the challenging global political and economic landscapes, the property market and demand for residential properties remained relatively stable during the year ended 31 March 2013 (“Year”) due to solid market fundamentals, high purchasing power of customers, low levels of unemployment rate, low interest rates, and rising construction costs. Although various measures were introduced by the governments of Hong Kong and the PRC to cool down the property market during the Year, Hong Kong was still able to stay on track to achieve modest economic growth based on the strength of its healthy economic structure as well as the sustainable development of the PRC.

Due to the steady growth of mainlanders’ disposable income and their frequent travels between Hong Kong and the PRC, there have been more mainlanders relocating to Hong Kong. Together with the increase of living standard of local residents, the demand towards the luxury residential units in Hong Kong continues to grow. In addition, the growing number of tourists to Hong Kong further stimulates the local retail market and fuels the demand for retail premises, which provides strong support for the upward trend of the rental level in the prime shopping areas in Hong Kong.

FINANCIAL REVIEW

Overall Review

Taking the advantages of its unique and strategic business position and capitalising on the market opportunities of the selected market segments with higher growth, the Group continued to achieve remarkable results on all business fronts during the Year.

Attributable to the steady rental income growth across the Group’s quality property portfolio, significant contribution from the sale of residential projects and solid cash inflow from casino operations in Macau, the Group reported total revenue of HK\$5,703.5 million (2012: HK\$2,959.6 million), representing a substantial growth of 92.7% during the Year. Rental income from investment properties increased remarkably by 28.0% to HK\$627.0 million (2012: HK\$490.0 million), taking up 11.0% (2012: 16.6%) of the Group’s total revenue. Since majority of the residential units had been delivered to the customers during the Year, revenue from property development rocketed by 371.6% to HK\$3,002.8 million (2012: HK\$636.7 million), representing 52.6% (2012: 21.5%) of the total revenue. The hospitality segment recorded 13.1% growth to HK\$2,073.6 million (2012: HK\$1,833.0 million), accounting for 36.4% (2012: 61.9%) of the total revenue.

Due to asset appreciation of quality retail properties in prime locations, the revaluation gain on properties during the Year increased to HK\$4,599.0 million (2012: HK\$3,975.1 million). The profit for the Year attributable to owners of the Company surged by 38.1% to HK\$6,156.0 million (2012: HK\$4,459.1 million).

Basic and diluted earnings per share were HK\$1.68 (2012: HK\$1.22) and HK\$1.68 (2012: HK\$1.22) respectively. The Group proposed a final dividend of HK\$0.056 per share (2012: HK\$0.052 per share). Together with the interim dividend of HK\$0.053 per share (2012: HK\$0.050 per share), the total dividend for the Year was HK\$0.109 per share (2012: HK\$0.102 per share).

Liquidity And Financial Resources

As at 31 March 2013, the Group’s net asset value and net asset value per share amounted to HK\$23,348.4 million (31 March 2012: HK\$17,495.3 million) and HK\$6.37 per share (31 March 2012: HK\$4.77 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\$2,310.0 million as at 31 March 2013 (31 March 2012: HK\$1,315.9 million). The total external borrowings (excluding payables) amounted to approximately HK\$10,177.3 million (31 March 2012: HK\$10,263.5 million) and the Group maintained a debt to total asset ratio of 26.9% (31 March 2012: 31.1%) (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.

Management Discussion and Analysis

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BUSINESS REVIEW

Investment Property

The overall occupancy rate of the Group's retail properties was over 99% during the Year, which was 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, 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 and **Fitfort Shopping Arcade** in North Point. 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. During the Year, the Group acquired **Shop C, Ground Floor, Nos. 35-37 Haiphong Road, Shop B, Ground Floor, No. 25-29 Hankow Road** and **Shops 30 and 33A, Ground Floor and Mezzanine Floor, 83-97 Nathan Road** in Tsim Sha Tsui. These acquisitions further enhanced the quality of the Group's investment properties portfolio and consolidated its leading position on the premium retail shops.

At present, **Russell Street**, Causeway Bay, is ranked the most valuable shopping street 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 promising pedestrian traffic, resulting in a notable surge in rental growth.

The Pulse is a multi-functional beach-front shopping complex with a gross floor area of approximately 153,000 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 is in an advanced stage of internal decoration and is pending to be leased in the financial year of 2013/2014.

Macau

In Macau, the demolition work at **Nos. 71-75 Avenida do Infante D. Henrique & Nos. 514-540 Avenida da Praia Grande** has completed. 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 a prime 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 redevelopment completion in 2014.

The PRC

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

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 approximately 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.

1. Nos. 4, 6 and 8 Canton Road, Hong Kong
2. Russell Street, Hong Kong

Management Discussion and Analysis

Property Development

Following the issuance of the occupation permits, the majority of residential units sold at *Harbour One, 18 Upper East, The Java* and *The Prince Place* have been delivered to the customers during the Year. The profit of these four projects has been recognised during the Year, which made significant contribution to the Year's earnings.

Other projects are in good progress, and marketing activities go ahead as planned. Following the unification of title of the site located at *Nos. 179-180 Connaught Road West & No. 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 with a total gross floor area amounting to approximately 185,000 square feet. Demolition work has been completed during the Year and the pre-sale is expected to be commenced in the financial year of 2013/2014. The entire project is expected to be completed in 2015.

During the Year, the Group acquired a site at *Tuen Mun Town, Lot No. 436, Kwun Fat Street, Siu Lam*, Tuen Mun, with a total gross floor area of approximately 39,000 square feet. It will be developed into 15 low-rise detached or semi-detached houses with target completion in 2015.

1. Mr. Cheung Ping Keung, Executive Director (left) and Ms. Charlene Choi, a famous artiste (right) attend a marketing programme of 18 Upper East
2. Grand Emperor Hotel, Macau
3. Emperor Group Centre, Chang'an Avenue East, Beijing (image photo)



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Hotel Operations and Related Services

This section mainly includes the revenue derived from *Emperor (Happy Valley) Hotel* in Hong Kong and the 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 continued to diversify its guest mix and put great weight in developing high-yield customers.

The construction work of the site located at *No. 373 Queen's Road East*, Wanchai, with a gross floor area of approximately 115,000 square feet, commenced during the Year. It will be built as a 29-storey hotel with about 300 rooms with leisure, dining and parking facilities. It is planned to commence business in the financial year of 2016. Meanwhile, the foundation work of the site located *Nos. 54-60 Portland Street*, Kowloon, with a gross floor area of approximately 48,000 square feet, has commenced during the Year. It will be built as a 30-storey hotel with about 200 rooms, which is expected to commence its business in 2015.



Management Discussion and Analysis

OUTLOOK

Looking ahead, the overall property market will continue to be impacted by macro-economic factors and local housing policies. However, solid end-user demand and low interest rates, coupled with stable labour market conditions and favourable consumption sentiment will continue to drive a modest growth of property market in Hong Kong. The Group remains optimistic about the long-term economic prospects for Hong Kong as well as the PRC.

Rental income from quality retail properties in prime location has been the key driver in providing steady and sustainable revenue to the Group. Subsequent to the end of the year, the Group has successfully tendered for a 28-storey grade-A office tower with a total gross floor area of approximately 96,000 sq. ft. Since it is located at **No. 60 Gloucester Road**, Wanchai, which is one of the busiest commercial districts of Hong Kong, such acquisition will further widen the Group's portfolio of property investment, hence increasing the rental revenue base.

Dedicated to the Group's continuous efforts and development, its strategic focus will further diversify from the street-level retail properties to shopping complexes with scale at the key tourist areas. It is expected that **The Pulse** and the shopping mall located in **Avenida do Infante D. Henrique**, Macau will bring solid rental income to the Group. The Group remains focused on driving long-term sustainable growth on the property investments.

Regarding property development, the Group will accelerate its development plan in the forthcoming years by utilising the existing land bank and acquiring new land reserve. The Group expects the feedback of the pre-sale of the project located at **Connaught Road West & Des Voeux Road West**, Hong Kong to be positive because of its prime location and luxury residential positioning.

Attributable to the growth of market demand for hotel accommodation of business travellers and tourists, the Group will further expand the business of hotel operations. The Group believes that the hotels to be inaugurated at **No. 373 Queen's Road East**, Wanchai and **Nos. 54-60 Portland Street**, Kowloon will serve as attractive alternatives for business travellers and regional tourists who visit Hong Kong.

The Group is poised for a solid performance in 2013/2014 and continues to be cautious in seeking investment opportunities to enhance the shareholders' return. With its management execution strength and market insight, the Group will strive to further enhance its competitive position and aim to become a key property player in the Greater China region.



EMPLOYEES AND REMUNERATION POLICY

The total cost incurred for staff including emoluments of directors of the Company (the “Board” or the “Directors”) amounted to HK\$547.2 million during the Year (2012: HK\$453.7 million). The number of staff was 1,566 as at the end of the Year (2012: 1,488). 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 9 September 2003. During the Year, a total of 16,154,211 share options lapsed on 27 January 2013 upon the expiry of the exercisable period. During the Year, no share option had been granted and the outstanding share options as at 31 March 2013 was 21,538,950 share options (2012: 37,693,161 share options).

ASSETS PLEDGED

As at 31 March 2013, assets with carrying value of HK\$27,052.2 million (2012: HK\$22,327.9 million) were pledged as security for banking facilities.

1. The Pulse, Hong Kong (image photo)
2. The pre-launch marketing event for The Pulse



Management Discussion and Analysis

Social Responsibility

Marking Emperor Group's 70th anniversary, the Group has made extra efforts in charity works during the Year. It has helped raise donation for various beneficiaries that included ORBIS Hong Kong, Social Workers Across Borders, Caring Hearts Photographic Society and St. James' Settlement, etc. through Emperor Foundation.

The Group has also mobilized its staff to join a volunteer trip to Chongqing City organized by Emperor Group. Participants visited a rural secondary school and met some of the students whose parents were away from home working in the city. Such children and teenagers, found in most rural areas in China, are deprived of parental care and connection with the world outside. This constitutes to a rising nationwide social issue. Participants showed their concern for the students in a 4-day tour with interactive activities and in-kind donations to complement their newly built music and art rooms.

Later in the Year, its staff formed another volunteer team to join Po Leung Kuk's "District Elderly Campaign 2012". They visited the elderly living alone in Lei Yue Mun Estate, Yau Tong and gave them traditional festive food as gifts to mark the Chinese festival Winter Solstice.

1. Volunteer trip to Chongqing City
2. District Elderly Campaign 2012



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Biographies of Directors and Senior Executives

Non-Executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 57, 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 E Hotel") (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 57, 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 and a member of the Remuneration Committee of the Company. He has been responsible for the Group's strategic planning, business growth and development as well as overseeing the financial management of the Group. 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 three listed companies in Hong Kong, namely Emperor E Hotel, Emperor Watch & Jewellery Limited ("Emperor W&J") (Stock Code: 887) and New Media Group Holdings Limited ("New Media Group") (Stock Code: 708), all being associated companies of the Company. 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, retailing of watch and jewellery, entertainment as well as media and publication.

FAN MAN SEUNG, VANESSA, aged 50, 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 as well as the Chairperson of the Corporate Governance Committee and a member of the Nomination Committee of the Company. She has been responsible for the Group's strategic planning, business growth and development as well as overseeing different functions within the Group. 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 three listed companies in Hong Kong, namely Emperor E Hotel, Emperor W&J and New Media Group, all being associated companies of the Company. Besides having over 24 years of corporate management experience, she possesses diversified experience in different businesses ranging from property investment and development, hotel and hospitality, financial and securities operations, retailing of watch and jewellery, entertainment as well as media and publication.

Executive Director

CHEUNG PING KEUNG, aged 57, 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 is currently responsible for overseeing the Group's property investment, development and management businesses. 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. During the period from 1997 to 2005, Mr. Cheung was an executive director of Henderson Investment Limited (Stock Code: 97). He has over 37 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 56, 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 49, 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).

CHENG KA YU, aged 40, was appointed as Independent Non-executive Director of the Company in August 2012. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and Remuneration Committee of the Company. Ms. Cheng graduated from the University of Hong Kong with a Bachelor's Degree in Laws in 1995. She has been admitted as a solicitor in Hong Kong since 1998 and is now a Partner of P.C. Woo & Co., solicitors.

Directors' Report

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 activities of its principal subsidiaries are set out in note 48 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 45. 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.

An interim dividend of HK\$0.053 per share for the year (2011/2012: HK\$0.05 per share), amounting to approximately HK\$194.3 million (2011/2012: HK\$183.3 million), was paid to the shareholders of the Company ("Shareholders") during the Year.

The Directors recommended the payment of a final dividend of HK\$0.056 per share (2012: HK\$0.052 per share) for the Year, amounting to approximately HK\$205.3 million (2012: HK\$190.7 million) to those shareholders whose names appear on the register of members on 16 August 2013 (Friday) subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 8 August 2013 (Thursday) ("AGM").

INVESTMENT PROPERTIES

During the Year, the Group acquired investment properties at a cost of approximately HK\$1,744,683,000 and incurred costs of approximately HK\$160,271,000 to investment property under development.

As at 31 March 2013, the Group revalued all of its investment properties on an open market value basis. The increase in fair value amounting to approximately HK\$4,599,033,000 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 properties of the Group as at 31 March 2013 is set out on pages 116 to 122.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK\$211,840,000 and incurred costs of approximately HK\$102,371,000 to hotel properties 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 in the share capital of the Company during the Year are set out in note 37 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 48 and 49.

Directors' Report

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 31 March 2013 represented the aggregate of contributed surplus and accumulated profits amounting to HK\$4,714,850,000 (2012: HK\$2,826,977,000).

DIRECTORS

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

Non-executive Director:

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

Executive Directors:

Mr. Wong Chi Fai (*Managing Director*)

Ms. Fan Man Seung, Vanessa (*Managing Director*)

Mr. Cheung Ping Keung

Independent Non-executive Directors:

Mr. Chan Man Hon, Eric

Mr. Liu Hing Hung

Ms. Cheng Ka Yu (Elected on 8 August 2012)

Mr. Law Ka Ming, Michael (Retired on 8 August 2012)

Subject to the respective service agreements/letters of appointment hereinafter mentioned, the term of office of each Director, including the Independent Non-executive Directors ("INED(s)"), 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, Ms. Luk Siu Man, Semon ("Ms. Semon Luk"), Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") and Mr. Chan Man Hon, Eric will retire by rotation at the AGM. Ms. Semon Luk and Ms. Vanessa Fan, being eligible, offer themselves for re-election while Mr. Chan Man Hon, Eric who has served the Company as INED for more than 12 years, will retire but does not offer himself for re-election thereat.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of the Non-executive Directors has entered into a letter of appointment with the Company in relation to his/her service as Non-executive Director/INED of the Company for an initial term of one year up to 31 December 2008 (except for Ms. Cheng Ka Yu whose term shall commence from 8 August 2012) and is renewable automatically for successive terms of one year each commencing from the date next after the expiry of the then current term 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 31 March 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(a) Long position interests in the Company

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

Name of Director	Capacity/ Nature of interests	Number of issued Shares held	Approximate % holding
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	10,769,475 (Note 2)	0.29%
Ms. Vanessa Fan	Beneficial owner	10,769,475 (Note 2)	0.29%

Notes:

1. The above Shares were held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"), a wholly-owned subsidiary of Albert Yeung Holdings Limited ("AY Holdings"). AY Holdings is held by STC International Limited ("STC International") being the trustee of The Albert Yeung Discretionary Trust ("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 Emperor International Group Holdings. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.
2. These share options were granted to Directors under the share option scheme of the Company.

Directors' Report

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 share(s) held	Approximate % holding
Ms. Semon Luk	Emperor E Hotel	Interest of Spouse	808,907,845 (Note 1)	62.58%
	Emperor W&J	Interest of Spouse	3,617,860,000 (Note 2)	52.57%
	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,694,406,907 (Note 3)	65.23%
	New Media Group	Interest of spouse	503,000,000 (Note 4)	58.22%

(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 E Hotel	Beneficial owner	5,000,000 (Note 5)	0.39%
Ms. Vanessa Fan	Emperor E Hotel	Beneficial owner	5,000,000 (Note 5)	0.39%

Directors' Report

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

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

Notes:

1. Emperor E Hotel is a company with its shares listed in Hong Kong. These shares of Emperor E Hotel were held by Emperor Entertainment Hotel Holdings Limited ("Emperor EH Holdings") which is an indirect wholly-owned subsidiary of the Company. The Company was owned as to approximately 74.93% by Emperor International Group Holdings. Emperor International Group Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of Emperor E Hotel. 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 of Emperor W&J were held by Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings"). Emperor W&J Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of Emperor W&J. 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.
3. Emperor Capital Group is a company with its shares listed in Hong Kong. These shares of Emperor Capital Group were held by Emperor Capital Group Holdings Limited ("Emperor Capital Holdings"). Emperor Capital Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of Emperor Capital Group. 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.
4. New Media Group is a company with its shares listed in Hong Kong. These shares of New Media Group were held by New Media Group Investment Limited ("New Media Investment"). New Media Investment is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of New Media Group. 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.
5. These were share options granted to Mr. Wong Chi Fai and Ms. Vanessa Fan, also being the directors of Emperor E Hotel, under the share option scheme of Emperor E Hotel.

Save as disclosed above, as at 31 March 2013, none of the Directors nor chief executives of the Company 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).

Directors' Report

SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 9 September 2003. Particulars of the Scheme and summary of the number of share options are set out in note 38 to the consolidated financial statements.

A summary of the movement of the share options of the Company during the Year is set out as follows:

Name of grantee	Date of grant	Exercise period	Exercise price HK\$	Outstanding at 1 April 2012	Lapsed during the Year	Outstanding at 31 March 2013
Director						
Mr. Wong Chi Fai	11.8.2005 28.1.2008	11.8.2005 to 10.8.2015 28.1.2008 to 27.1.2013	1.746 2.702	10,769,475 5,384,737	– (5,384,737)	10,769,475 –
Ms. Vanessa Fan	11.8.2005 28.1.2008	11.8.2005 to 10.8.2015 28.1.2008 to 27.1.2013	1.746 2.702	10,769,475 5,384,737	– (5,384,737)	10,769,475 –
Mr. Cheung Ping Keung	28.1.2008	28.1.2008 to 27.1.2013	2.702	5,384,737	(5,384,737)	–

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as stated above, at no time during the Year was the Company, its holding company, its subsidiaries or its fellow subsidiaries, a party to any arrangements to enable the Directors or chief executive of the Company or their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 March 2013, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares 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

Name of shareholder	Capacity/Nature of interests	Number of issued Shares held	Approximate % holding
AY Holdings	Interest in a controlled corporation	2,747,610,489	74.93%
STC International	Trustee	2,747,610,489	74.93%
Dr. Albert Yeung	Founder of AY Trust	2,747,610,489	74.93%

Note: These Shares were held by Emperor International Group Holdings which is wholly-owned by AY Holdings. AY Holdings is held by STC International, the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to have interest in the above Shares. These 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.

Directors' Report

OTHER PERSONS' INTERESTS AND SHORT POSITIONS *(continued)*

All interests stated above represent long positions. As at 31 March 2013, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 31 March 2013, 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, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares 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 BUSINESS

As at 31 March 2013, 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/ 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 31 March 2013, 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

Acquisition of interests in Levin Group Limited

On 6 July 2012, Skillworld Limited, an indirect wholly-owned subsidiary of the Company, as purchaser entered into the sale and purchase agreement with Eastluck Group Limited ("Eastluck") as vendor in relation to the purchase and sale of approximately 3.05% of the issued share capital of Levin Group Limited and its shareholder's loan advanced to Levin Group Limited, at the aggregate consideration of approximately HK\$15.6 million. The transaction was completed on 6 July 2012.

Eastluck is indirectly held by the trustee of a discretionary trust, the beneficiaries of which are family members of Mr. Yeung Hoi Sing, Sonny who is the brother of Dr. Albert Yeung, being a deemed substantial shareholder of the Company. Hence, Eastluck is deemed to be a connected person of the Company by virtue of the family members of Mr. Sonny Yeung being the eligible beneficiaries of the discretionary trust holding Eastluck. Ms. Semon Luk is deemed to have interest in the agreement by virtue of being the brother-in-law of Mr. Sonny Yeung.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

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

A. Leasing of properties – Operating lease rental/license fee received

	Name of counterparty	Date of agreement	Location	Terms	Amount for the Year (HK\$'000)
	Emperor W&J				
(1)	Beauty Royal Limited ("Beauty Royal") (note 1)	31 March 2011	Shops A, D2 and E2, G/F, Harilela Mansion, 81 Nathan Road, Hong Kong	1 April 2011 – 31 March 2014	12,600
(2)	Beauty Royal (note 1)	16 November 2012	Shops G01-02, G/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong ("EGC")	17 November 2012 – 16 November 2014	471
(3)	Beauty Royal (note 1)	30 March 2010	Shops G03-05, G/F, EGC	1 April 2010 – 31 March 2013	5,040
(4)	Beauty Royal (note 1)	16 December 2011	Unit 1505, 15/F, EGC	1 January 2012 – 31 December 2013	299
(5)	Beauty Royal (note 1)	30 March 2010	Units 2501-05, 25/F, EGC	1 April 2010 – 31 March 2013	2,186
(6)	Beauty Royal (note 1)	14 September 2010	Unit 2507, 25/F, EGC	13 September 2010 – 31 March 2013	635
(7)	Beauty Royal (note 1)	29 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)	1 December 2011 – 30 November 2014	23,835
(8)	Beauty Royal (note 1)	29 November 2011	The signage space B at the external wall on 1/F, 8 Russell Street, Causeway Bay, Hong Kong	30 November 2011 – 29 November 2014	3,000
(9)	Beauty Royal (note 1)	25 May 2011	Shops 3 & 5, G/F, 8 Russell Street, Causeway Bay, Hong Kong	30 November 2011 – 29 November 2014	24,200
(10)	Beauty Royal (note 1)	30 June 2011	G/F and 1/F, 24 Russell Street, Hong Kong	19 October 2011 – 9 July 2014	17,875
(11)	Beauty Royal (note 1)	29 November 2011	The signboard on external wall, 22-24 Russell Street, Causeway Bay, Hong Kong	1 December 2011 – 30 November 2013	840

Directors' Report

CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

	Name of counterparty	Date of agreement	Location	Terms	Amount for the Year (HK\$'000)
	Emperor W&J <i>(continued)</i>				
(12)	Beauty Royal <i>(note 1)</i>	25 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	1 July 2011 – 30 June 2014	15,767
(13)	Beauty Royal <i>(note 1)</i>	25 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	23 October 2011 – 22 October 2014	49,133
(14)	Beauty Royal <i>(note 1)</i>	25 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	23 October 2011 – 22 October 2014	16,867
(15)	Beauty Royal <i>(note 1)</i>	15 December 2011	G/F and 1/F, Unit A & B on 3/F and Portion A of Unit A on 4/F and roof and 4 outdoor advertising signs on external walls, 4-8 Canton Road, Kowloon, Hong Kong	4 January 2012– 3 January 2015	63,445
(16)	Beauty Royal <i>(note 1)</i>	29 March 2012	Projected signage of 4-8 Canton Road, Kowloon, Hong Kong	1 May 2012– 31 May 2012 and 1 August 2012– 31 December 2012	2,280
(17)	Beauty Royal <i>(note 1)</i>	30 January 2013	Projected signage of 4-8 Canton Road, Kowloon, Hong Kong	1-28 February 2013, 1-31 August 2013, 1-31 October 2013 and 1-31 December 2013	480
(18)	EWJ Watch and Jewellery Company Limited (“EWJ Macau”) <i>(note 1)</i>	30 June 2011	EM Macau, Avenida De Infante D., Henrique N°S 67-69, Res-Do-Chao B & EM Macau, Rua Dr., Pedro Jose Lobo N° 5, Res-Do-Chao C2, Macau	1 July 2011 – 30 June 2014	4,131
(19)	EWJ Macau <i>(note 1)</i>	30 June 2011	EM Macau, Avenida De Infante D., Henrique N° 65-A, lo Andar B	1 August 2011 – 30 June 2014	85

Directors' Report

CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

	Name of counterparty	Date of agreement	Location	Terms	Amount for the Year (HK\$'000)
	Emperor W&J <i>(continued)</i>				
(20)	EWJ Macau <i>(note 1)</i>	28 March 2012	Shop 1-4, G/F, Grand Emperor Hotel	1 April 2012 – 30 March 2015	4,128
(21)	EWJ Macau <i>(note 1)</i>	28 June 2011	Shop 5, G/F, Grand Emperor Hotel	1 July 2011 – 30 June 2014	1,768
	Emperor Capital Group				
(22)	Profit Board Development Limited ("Profit Board") <i>(note 2)</i>	31 August 2011	Unit 603, 6/F, EGC	15 October 2011 – 14 September 2013	216
(23)	Profit Board <i>(note 2)</i>	31 August 2011	Unit 1605, 16/F and Unit 2006, 20/F, EGC	15 September 2011 – 14 September 2013	605
(24)	Profit Board <i>(note 2)</i>	31 August 2011	Unit 606, 6/F, EGC	15 September 2011 – 14 September 2013	386
(25)	Profit Board <i>(note 2)</i>	28 February 2011	24/F, EGC	1 April 2011 – 31 March 2014	3,080
(26)	Profit Board <i>(note 2)</i>	20 December 2012	Unit 604, 6/F, EGC	1 January 2013 – 31 December 2014	162
	AY Trust				
(27)	Emperor Connection Limited <i>(note 3)</i>	31 March 2010	27/F, EGC	1 April 2010 – 31 March 2013	2,796
(28)	Success Dimension Limited <i>(note 3)</i>	2 April 2012	Unit 802, 8/F, EGC	1 April 2012 – 31 January 2013	215
(29)	Success Dimension Limited <i>(note 3)</i>	2 April 2012	Units 901-902, 9/F, EGC	1 April 2012 – 31 January 2013	730
(30)	Success Dimension Limited <i>(note 3)</i>	27 September 2011	Portion of 12/F, The Ulferts Centre, 4 Kin Fat Lane, Tuen Mun, New Territories, Hong Kong	1 April 2011 – 31 March 2014	206
(31)	Emperor Motion Picture (Hong Kong) Limited <i>(note 3)</i>	27 December 2012	Unit 802, 8/F & Units 901-902, 9/F, EGC	1 February 2013 – 31 March 2015	216

Directors' Report

CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

	Name of counterparty	Date of agreement	Location	Terms	Amount for the Year (HK\$'000)
	<i>AY Trust (continued)</i>				
(32)	Emperor Motion Picture (Hong Kong) Limited <i>(note 3)</i>	19 June 2012	Unit 2007, 20/F, EGC	20 June 2012 – 19 June 2015	404
(33)	Emperor Agency Limited (formerly known as Strong Time Investments Limited) ("Emperor Agency") <i>(note 3)</i>	2 April 2012	Unit 801, 8/F, EGC	1 April 2012 – 31 March 2014	702
(34)	Emperor Agency <i>(note 3)</i>	27 December 2012	Unit 1701, 17/F, EGC	1 January 2013 – 31 March 2015	185
(35)	Emperor Agency <i>(note 3)</i>	2 April 2012	23/F and Unit A, 28/F, EGC	1 April 2012 – 31 March 2014	5,340
(36)	Emperor Agency <i>(note 3)</i>	30 September 2011	Unit 1702, 17/F, EGC	3 October 2011– 30 November 2013	290
(37)	Emperor Agency <i>(note 3)</i>	30 September 2011	Unit 1703-1707, 17/F, EGC	1 December 2011 – 30 November 2013	1,840
(38)	Emperor Bullion Investments (Asia) Limited ("Emperor Bullion") <i>(note 3)</i>	31 March 2010	Unit 601, 6/F, EGC	1 April 2010 – 31 March 2013	504
(39)	Emperor Bullion <i>(note 3)</i>	31 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	1 April 2011 – 31 March 2014	3,903
(40)	Wealthy House Limited <i>(note 3)</i>	2 April 2012	Shops 7-11 on G/F, 1/F & 2/F (including the entrance hall on G/F to 1/F and 2/F), 3/F-5/F (Carparks), Wei King Building, 275 Chatham Road North, Hung Hom, Kowloon, Hong Kong (excluding carport and car lifts)	1 April 2012 – 31 March 2015	7,482

Directors' Report

CONTINUING CONNECTED TRANSACTIONS (continued)

A. Leasing of properties – Operating lease rental/license fee received (continued)

	Name of counterparty	Date of agreement	Location	Terms	Amount for the Year (HK\$'000)
	<i>AY Trust (continued)</i>				
(41)	Mighty Wish Limited (note 3)	2 April 2012	M/F, 1-9/F, Portion of 12/F and parking spaces (excluding Nos. 9 and 10) on G/F, The Ulferts Centre, 4 Kin Fat Lane, Tuen Mun, New Territories, Hong Kong	1 April 2012 – 31 March 2015	9,518
(42)	Ulferts of Sweden (Far East) Limited (note 3)	2 April 2012	Units 1206-7, 12/F, EGC	1 April 2012– 31 March 2014	918
(43)	Prime Axis Limited (note 3)	12 October 2011	Portion of 12/F, The Ulferts Centre, 4 Kin Fat Lane, Tuen Mun, New Territories, Hong Kong	1 April 2011– 31 March 2014	2

Notes:

- (1) These companies are indirectly wholly-owned subsidiaries of Emperor W&J, the substantial shareholder of which is indirectly controlled by the AY Trust.
- (2) This company is a wholly-owned subsidiary of Emperor Capital Group, the substantial shareholder of which is indirectly controlled by the AY Trust.
- (3) These companies are indirectly wholly-owned by the AY Trust.

Ms. Semon Luk, a Director of the Company, has deemed interests in the above transactions, by virtue of being the spouse of Dr. Albert Yeung, who is the founder of the AY Trust and the deemed substantial shareholder of the Company.

B. Consultancy agreement with Group Consultant

As announced on 25 July 2011, Emperor Investment (Management) Limited, a wholly-owned subsidiary of the Company, entered into an Accommodation Contract on 22 July 2011 with Dr. Albert Yeung, the deemed substantial shareholder of the Company, pursuant to which the Group would provide him and his associates (including Ms. Semon Luk, 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 1 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 22 July 2011 to 31 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 31 March 2013 was approximately HK\$8,860,000.

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.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS *(continued)*

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

Date of agreement

19 February 2010

Name of parties

- (1) Tin Hou Limited (“Tin Hou”), a company incorporated in Macau, an indirect wholly-owned subsidiary of Emperor E Hotel which is an indirect non 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 subsidiary of Emperor E Hotel, and is a connected person within the meaning of the Listing Rules by virtue of being a substantial shareholder of a 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 E Hotel) 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 and bear all necessary operational expenses in relation to the operation of the gaming area.

Terms

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

Amount for the year ended 31 March 2013

During the Year, the Group's net receipt under the agreement amount to HK\$1,731,275,000.

Compliance with Disclosure Requirements

Save as disclosed in note 40 and “Rental income from related companies” in the amount of HK\$296,929,000 for the Year as shown in note 46 – “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 46 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.

Auditor's Letter on Disclosed Continuing Connected Transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions 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.

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group (“Disclosed CCTs”) on pages 26 to 31 of this annual report in accordance with Main Board Listing Rule 14A.38. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS *(continued)*

Confirmation of Independent Non-executive Directors

Pursuant to rule 14A.37 of the Listing Rules, the Company's INEDs have reviewed the Disclosed CCTs and the letter from the auditor and have confirmed that these 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 agreements 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 INEDs an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

EMOLUMENT POLICY

The emoluments of the Executive Directors are decided by the Board as recommended 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 INEDs 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 9 September 2003, details of which are set out in note 38 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.

DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$6,153,000.

Directors' Report

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented 40% of the Group's total revenue. The largest customer accounted for 33% 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 14% of the Group's total purchases and services received. The largest supplier accounted for 5% 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 34 to 42.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 45 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Luk Siu Man, Semon

Chairperson

Hong Kong

17 June 2013

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 Corporate Governance Code (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the Year.

THE BOARD

Board Composition

As at 31 March 2013, 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 Board considers that this composition ensures a strong independent element with a balance of power and influence between individuals on the Board. The biographies of the Directors are set out on pages 17 to 18 of this annual report under the “Biographies of Directors and Senior Executives” section.

Chairperson and Chief Executives

Ms. Semon Luk has been appointed as the Chairperson since 1999 and provides leadership for the Board. With the support of the Company Secretary, she is responsible for ensuring 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. She holds meetings with the INEDs at least once a year.

Both Mr. Wong Chi Fai and Ms. Vanessa Fan have been appointed as Managing Directors of the Company, and are responsible for the Group’s strategic planning, business growth and development.

Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with valuable experience and expertise in legal, accounting or 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 31 December 2008 (except for the initial term of Ms. Cheng Ka Yu was started from 8 August 2012) 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 INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

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.

Corporate Governance Report

Delegation to the Management

The management is led by the Executive Directors of the Board and has delegated powers and authorities to carry out the day-to-day management and operation of the Group, formulate business policies and make decision on key business issues and exercise power and authority delegated by the Board from time to time.

There is a formal schedule of matters specifically reserved to and delegated by the Board. The Board had given clear directions to the management that certain matters (including the followings) must be reserved to the Board:

- Publication of final and interim results of the Company
- Dividend distribution or other distribution
- Major issues of treasury policy, accounting policy and remuneration policy
- Review on internal control system and risk management
- Changes to major group structure or Board composition requiring notification by announcement
- Publication of the announcement for notifiable transaction and non-exempted connected transaction/ continuing connected transaction
- Non-exempted connected transaction/continuing connected transaction
- Proposed transaction requiring Shareholders' approval
- Capital restructuring of the Company
- Financial assistance to Directors

Induction, Support and Professional Development 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. 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.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code effective on 1 April 2012 on Directors' training. During the Year, each Director has participated in continuous professional development by attending seminars/in-house briefing or reading materials on the following areas to develop and refresh their knowledge and skills and provided a record of training to the Company.

Name of Directors	Areas on training covered ^(Notes)
Ms. Luk Siu Man, Semon	(a) & (b)
Mr. Wong Chi Fai	(a), (b) & (c)
Ms. Fan Man Seung, Vanessa	(a), (b) & (c)
Mr. Cheung Ping Keung	(a), (b) & (d)
Mr. Chan Man Hon, Eric	(a) & (b)
Mr. Liu Hing Hung	(a) & (b)
Ms. Cheng Ka Yu	(a) & (b)

Notes: (a) corporate governance
(b) regulatory
(c) finance
(d) industry-specific

Corporate Governance Report

Relationship between the Board Members

None of the members of the Board has any relationship (including financial, business, family or other materials/relevant relations) between each other.

Directors' Insurance

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Directors' Attendance and Time Commitment

The attendance of Directors at the meetings during the Year is set out below:

Name of Directors	Board	Meetings attended/held			AGM
		Audit Committee	Remuneration Committee	Nomination Committee	
Non-executive Director					
Ms. Luk Siu Man, Semon	11/11	N/A	N/A	N/A	1/1
Executive Directors					
Mr. Wong Chi Fai (<i>Note 1</i>)	11/11	N/A	1/1	N/A	1/1
Ms. Fan Man Seung, Vanessa	11/11	N/A	N/A	1/1	1/1
Mr. Cheung Ping Keung (<i>Note 1</i>)	11/11	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Chan Man Hon, Eric (<i>Note 2</i>)	11/11	3/3	N/A	1/1	1/1
Mr. Liu Hing Hung (<i>Note 3</i>)	11/11	3/3	1/1	N/A	0/1
Ms. Cheng Ka Yu (<i>Note 4</i>)	8/8	2/2	1/1	N/A	N/A
Mr. Law Ka Ming, Michael (<i>Note 5</i>)	3/3	1/1	N/A	1/1	1/1
Total number of meetings held	11	3	1	1	1

Notes:

1. Mr. Wong Chi Fai and Mr. Cheung Ping Keung were invited to sit-in the Audit Committee meeting(s) as non-member.
2. Chairman of Audit Committee
3. Chairman of Remuneration Committee
4. Ms. Cheng Ka Yu was elected as Director on 8 August 2012 and was appointed as the chairperson of the Nomination Committee as well as a member of the Audit Committee and the Remuneration Committee on the same date.
5. Mr. Law Ka Ming, Michael retired as Director on 8 August 2012 and automatically ceased to act as the chairman of the Nomination Committee as well as a member of the Audit Committee and the Remuneration Committee on the same date.

Corporate Governance Report

Upon reviewing (i) the annual confirmation of the time commitment given by each Director; (ii) the directorships and major commitments of each Director; and (iii) the attendance rate of each Director on full Board and their respective Board committee meetings, the Board is satisfied that all Directors have spent sufficient time in performing their responsibilities during the Year.

Board Meetings and Proceedings

Regular board meetings were held at approximately quarterly interval. The Directors have access to the advice and services of the Company Secretary and key officers of the company secretarial team for ensuring that the Board procedures, all applicable rules and regulations are followed.

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

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

Board Committee

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 majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are INEDs. 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:

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

The Audit Committee consists of three INEDs, namely Mr. Chan Man Hon, Eric (Chairman of the Committee), Mr. Liu Hing Hung and Ms. Cheng Ka Yu.

The specific written terms of reference of the Audit Committee, which was re-adopted by the Board on 28 March 2012 in light of the amendments to the Listing Rules, is available on the Company's website. The Audit Committee is primarily responsible for (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor; (b) approving the remuneration and terms of engagement of external auditor; and (c) reviewing financial information and overseeing the financial reporting system and internal control procedures. The Audit Committee held three meetings during the Year.

Corporate Governance Report

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 31 March 2012 and the interim financial statements for the six months ended 30 September 2012;
- 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 31 March 2012;
- iv. met with the external auditor and reviewed their work and findings relating to the audit for the year ended 31 March 2012 and the effectiveness of the audit process;
- v. approved the audit plan for the financial year ended 31 March 2013, reviewed the independence of the external auditor and approved the engagement of external auditor; and
- vi. recommended the Board on the re-appointment of external auditor.

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

The Remuneration Committee consists of three members, namely Mr. Liu Hing Hung (Chairman of the Committee since 28 March 2012) and Ms. Cheng Ka Yu, both being INEDs, and Mr. Wong Chi Fai, being the Managing Director.

The specific written terms of reference of the Remuneration Committee, which was re-adopted by the Board on 28 March 2012 in light of the amendments to the Listing Rules, is available on the Company's website. Pursuant to the revised terms of reference, the primary duties of the Remuneration Committee are making recommendation to the Board on (a) Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of non-executive directors; and (c) the specific remuneration packages for individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 12 to the consolidated financial statements. The Remuneration Committee convened one meeting during the Year.

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

- i. reviewed and recommended the Board to approve the Directors' fee; and
- ii. reviewed the current level and remuneration structure/package of the Executive Directors and senior management and recommended the Board to approve their specific packages.

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

The Nomination Committee consists of three members, namely Ms. Cheng Ka Yu (Chairperson of the Committee) and Mr. Chan Man Hon, Eric, both being INEDs, and Ms. Vanessa Fan, being the Managing Director. The specific written terms of reference of the Nomination Committee is available on the Company's website. The primary duties of the Nomination Committee are (a) reviewing the structure, size and composition of the Board; (b) identifying potential candidates for directorship; (c) assessing the independence of INEDs; and (d) making recommendations to the Board on any proposed changes to the Board or selection of individual nominated for directorships, or on appointment or re-appointment of Directors. The Nomination Committee convened one meeting during the Year.

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

- i. reviewed structure, size and composition of the Board;
- ii. reviewed the independence of INEDs; and
- iii. recommended to the Board the nomination of Directors for election and re-election at the annual general meeting held on 8 August 2012.

Corporate Governance Report

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

The Corporate Governance Committee consists of five members, namely Ms. Vanessa Fan (Chairperson of the Committee), being the Managing Director, Mr. Chan Man Hon, Eric and Mr. Liu Hing Hung, both being INEDs, a representative from company secretarial function and a representative from finance and accounts function. The specific written terms of reference of the Corporate Governance Committee is available on the Company's website. The primary duties of the Corporate Governance Committee are (a) reviewing the policies and practices on corporate governance and compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of Directors and senior management; (c) reviewing the code of conduct of Directors; and (d) reviewing the Company's compliance with the Code and disclosure in this Report. The Corporate Governance Committee convened one meeting during 2013.

A summary of the work performed by the Corporate Governance Committee during 2013 is set out as follows:

- i. reviewed the Corporate Governance Policy;
- ii. reviewed the training and continuous professional development of directors and senior management;
- iii. reviewed the policies and practices on compliance with legal and regulatory requirements;
- iv. reviewed the code of conduct applicable to Directors and relevant employees; and
- v. reviewed the Company's compliance with the Corporate Governance Code and disclosure in Corporate Governance Report.

SECURITIES TRANSACTION OF DIRECTORS

The Company has adopted the 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, 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.

The management has provided all members of the Board with monthly updates on internal financial statements so as to give the Directors a balanced and understandable assessment of the Company's performance, position and prospects.

Corporate Governance Report

INTERNAL CONTROLS

The Board acknowledges its responsibility 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 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. Budgets and forecasts on all capital and revenue items are prepared and reviewed by senior management. The management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast.

The internal audit department is assigned with the task to perform regular reviews on selected systems of the Group and will report audit review findings or irregularities, if any, to management and advise on the implementation of necessary steps of systems to enhance operational or financial controls. The result of internal audit reviews and agreed action plans are reported to the Audit Committee and the Board.

During the Year, the management had analyzed the control environment and risk assessment, identified the various control systems implemented. 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 scope and findings of the review had been reported to and reviewed by the Audit Committee.

The following policies and procedures are also in place to enhance the internal control system:

- i. the Systems and Procedures on Disclosure of Inside Information to ensure, with the assistance of an internal work team (if required), that any material information which comes to the knowledge of any one or more officers should be promptly identified, assessed and escalated for the attention of the Board;
- ii. the policies and practices on compliance with legal and regulatory requirements which shall be reviewed and monitored regularly by the Corporate Governance Committee;
- iii. the establishment of a CCT Compliance Committee to monitor, control and regularly review connected transactions and continuing connected transactions of the Company and ensure proper compliance with all relevant laws and regulations and the Listing Rules; and
- iv. a whistle-blowing policy for employees of the Group to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters.

The Board and the 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, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. 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 in this respect in general.

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders' communication policy and the Board shall 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 the Company's website at www.EmperorInt.com; and (iv) the holding of press conference(s) from time to time.

Corporate Governance Report

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 to raise enquiries through our Investor Relations Department whose contact details are available on the Company's website and page 2 of this annual report.

In order to protect the environment and save costs for the benefit of Shareholders, the Company has introduced the electronic means for receiving corporate communication by Shareholders 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 2012 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 the AGM and the chairman/members of the Audit Committee and the Remuneration Committee and the external auditor were available at the last annual general meeting held on 8 August 2012 to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the Code.

Convening a Special General Meeting ("SGM") and Putting Forward Proposals at General Meetings

Pursuant to the Bye-laws of the Company, Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth (10%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company shall have the right to submit a written requisition requiring a SGM to be called by the Board. The written requisition (i) must state the object(s) of the meeting, and (ii) must be signed by the requisitionists and deposited at the principal office of the Company for attention of the Company Secretary of the Company, and may consist of several documents in like form, each signed by one or more requisitionists. Such requisitions will be verified with the Company's Hong Kong Branch Share Registrar and upon its confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a SGM by serving sufficient notice to all Shareholders. On the contrary, if the requisition has been verified as not in order, the requisitionists will be advised of this outcome and accordingly, the SGM will not be convened as requested.

If Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM for a day not more than two months after the date of deposit of such requisition, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by Directors.

Corporate Governance Report

Pursuant to the Bermuda Companies Act 1981, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company (“Requisitionists”), or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and (b) circulate to Shareholders entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting. The requisition signed by all the Requisitionists must be deposited at the registered office of the Company with a sum reasonably sufficient to meet the Company’s relevant expenses and not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the principal office of the Company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, such requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Enquiries from Shareholders

Shareholders should direct their enquiries about their shareholdings to the Company’s Hong Kong Branch Share Registrar, Tricor Secretaries Limited. Other Shareholders’ enquiries can be directed to the Investor Relations Department of the Company whose contact details are shown on page 2 of this Annual Report.

CONSTITUTIONAL DOCUMENTS

There are no significant changes in the Company’s constitutional documents during the Year.

AUDITOR’S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to review and monitor the independence of the auditor to ensure objectivity and the effectiveness of the audit process of the financial statements in accordance with applicable standard. Members of the Committee were of the view that the Company’s auditor, Messrs. Deloitte Touche Tomatsu is independent and has recommended the Board to re-appoint it as the Company’s auditor at the forthcoming AGM. During the Year, Messrs. Deloitte Touche Tohmatsu, has rendered audit services and certain non-audit services to the Company and the remuneration paid/payable to it by the Company is set out as follows:

Service rendered	Fees paid/payable HK\$’000
Audit services	6,230
Non-audit services	1,100
– Corporate exercise in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 400 “Comfort Letters and Due Diligence Meetings” issued by the Hong Kong Institute of Certified Public Accountants.	

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 45 to 114, which comprise the consolidated statement of financial position as at 31 March 2013, 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 31 March 2013 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

17 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Revenue	7	5,703,465	2,959,603
Cost of properties sales		(1,432,388)	(375,737)
Cost of hotel and hotel related operations		(534,863)	(446,585)
Direct operating expenses in respect of leasing of properties		(33,708)	(27,594)
Gross profit		3,702,506	2,109,687
Other income		66,643	39,583
Fair value changes in properties		4,599,033	3,975,065
Other gains and losses	9	3,294	4,531
Selling and marketing expenses		(628,206)	(600,120)
Administrative expenses		(345,581)	(283,614)
Finance costs	10	(210,447)	(164,817)
Share of result of an associate		(7)	17
Profit before taxation	11	7,187,235	5,080,332
Taxation	13	(560,765)	(154,392)
Profit for the year		6,626,470	4,925,940
Other comprehensive income			
Exchange differences arising on translation of foreign subsidiaries		10,305	86,546
Total comprehensive income for the year		6,636,775	5,012,486
Profit for the year attributable to:			
Owners of the Company		6,156,029	4,459,091
Non-controlling interests		470,441	466,849
		6,626,470	4,925,940
Total comprehensive income attributable to:			
Owners of the Company		6,166,316	4,545,562
Non-controlling interests		470,459	466,924
		6,636,775	5,012,486
Earnings per share	15		
Basic		HK\$1.68	HK\$1.22
Diluted		HK\$1.68	HK\$1.22

Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Investment properties	16	29,357,827	22,745,890
Property, plant and equipment	17	2,698,992	2,322,137
Deposits paid for acquisition of investment properties/property, plant and equipment		104,482	121,492
Receivables related to a development project	16	183,877	–
Prepaid lease payments	18	301,278	309,846
Interest in an associate	19	–	189
Amount due from an associate	20	–	436
Deposits in designated bank account for development properties	21	–	56,017
Goodwill	22	56,683	56,683
Other assets	23	4,092	4,442
		32,707,231	25,617,132
Current assets			
Inventories	24	14,179	13,144
Properties held for sale	25	234,438	94,591
Properties under development for sale	26	1,804,664	3,083,088
Prepaid lease payments	18	8,568	8,568
Trade and other receivables	27	677,432	915,696
Investments in trading securities	28	1	1
Derivative financial instruments	34	7,477	2,241
Taxation recoverable		2,344	2,966
Deposits in designated bank account for development properties	21	14,801	–
Pledged bank deposit	29	300	300
Short-term bank deposits	29	22,244	501,923
Bank balances and cash	29	2,309,974	1,315,914
		5,096,422	5,938,432
Asset classified as held for sale	30	–	1,450,000
		5,096,422	7,388,432

Consolidated Statement of Financial Position

At 31 March 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Current liabilities			
Trade and other payables	31	1,021,068	2,862,882
Amount due to a related company	32	398,590	372,306
Amounts due to non-controlling interests of subsidiaries	33	232,031	249,191
Derivative financial instruments	34	2,062	1,952
Taxation payable		492,422	228,760
Secured bank borrowings – due within one year	35	812,841	2,500,560
		2,959,014	6,215,651
Net current assets		2,137,408	1,172,781
Total assets less current liabilities		34,844,639	26,789,913
Non-current liabilities			
Amount due to a related company	32	3,317,390	3,282,162
Derivative financial instruments	34	24,276	23,195
Secured bank borrowings – due after one year	35	5,416,407	3,859,267
Deferred taxation	36	629,878	408,976
		9,387,951	7,573,600
		25,456,688	19,216,313
Capital and reserves			
Share capital	37	36,668	36,668
Reserves		23,311,716	17,458,633
Equity attributable to owners of the Company		23,348,384	17,495,301
Non-controlling interests	39	2,108,304	1,721,012
		25,456,688	19,216,313

The consolidated financial statements on pages 45 to 114 were approved and authorised for issue by the Board of Directors on 17 June 2013 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 31 March 2013

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share option reserve	Asset revaluation reserve	Other reserve	Contributed surplus	Accumulated profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 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 subsidiaries (note 40(iii))	-	-	-	-	-	8,091	-	-	8,091	(52,435)	(44,344)	
Deemed capital contribution arising from fair value adjustment on initial recognition on amount due to a related company (note 32)	-	-	-	-	-	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 31 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	

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share option reserve	Asset revaluation reserve	Other reserve	Contributed surplus	Accumulated profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
						(note (a))	(note (b))				
At 1 April 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
Exchange differences arising on translation of foreign subsidiaries	-	-	10,287	-	-	-	-	-	10,287	18	10,305
Profit for the year	-	-	-	-	-	-	-	6,156,029	6,156,029	470,441	6,626,470
Total comprehensive income for the year	-	-	10,287	-	-	-	-	6,156,029	6,166,316	470,459	6,636,775
Share options lapsed during the year	-	-	-	(12,819)	-	-	-	12,819	-	-	-
Depreciation attributable to revaluation surplus	-	-	-	-	(1,810)	-	-	2,112	302	-	302
Adjustment on deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	(394)	(394)
Acquisition of additional interest in subsidiaries (note 40(i)&(ii))	-	-	-	-	-	5,858	-	-	5,858	(27,695)	(21,837)
Deemed capital contribution arising from fair value adjustment on initial recognition on amount due to a related company (note 32)	-	-	-	-	-	65,618	-	-	65,618	-	65,618
Dividend paid to owners of the Company											
- final dividend for 2012	-	-	-	-	-	-	-	(190,673)	(190,673)	-	(190,673)
- interim dividend for 2013	-	-	-	-	-	-	-	(194,338)	(194,338)	-	(194,338)
Dividend paid to non-controlling interests											
- final dividend for 2012	-	-	-	-	-	-	-	-	-	(29,425)	(29,425)
- interim dividend for 2013	-	-	-	-	-	-	-	-	-	(25,653)	(25,653)
At 31 March 2013	36,668	4,542,224	249,315	6,031	127,255	423,802	-	17,963,089	23,348,384	2,108,304	25,456,688

Notes:

- (a) The other reserve of the Group arose from (i) acquisition of additional interest in subsidiaries from non-controlling interests and (ii) deemed capital contributions from owners of the Company.
- (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 31 March 2013

	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities		
Profit before taxation	7,187,235	5,080,332
Adjustments for:		
Interest income	(23,866)	(18,678)
Interest expenses	206,868	162,802
Release of prepaid lease payments	8,568	8,568
Depreciation of property, plant and equipment	135,887	114,201
Share of result of an associate	7	(17)
Loss on disposal of property, plant and equipment	427	–
Loss on disposal of other assets	150	–
Gain on disposal of a subsidiary	–	(26,287)
Reversal of write-downs of properties under development for sale	(280)	(1,150)
Increase in the fair value of properties	(4,599,033)	(3,975,065)
Changes in the fair value of derivative financial instruments	(3,014)	22,906
Allowance for doubtful debts	19,231	7
Operating cash flows before movements in working capital	2,932,180	1,367,619
Increase in inventories	(1,035)	(4,991)
Increase in properties held for sale	(139,847)	(86,721)
Decrease (increase) in properties under development for sale	1,015,139	(261,516)
Decrease in trade and other receivables	123,110	403,517
(Decrease) increase in trade and other payables	(1,128,272)	142,406
Changes of derivative financial instruments	(1,031)	–
Net cash generated from operations	2,800,244	1,560,314
Interest received from bank deposits and other receivables	23,866	18,678
Income tax paid		
– in Hong Kong	(32,968)	(16,618)
– in the People's Republic of China (the "PRC")	(42,999)	(1,768)
– in Macau	(32)	–
Net cash generated from operating activities	2,748,111	1,560,606

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Cash flows from investing activities			
Purchase of investment properties and costs incurred for investment properties under development		(2,486,267)	(2,230,799)
Placement of short-term bank deposits		(211,340)	(825,486)
Purchase of property, plant and equipment		(281,437)	(754,956)
Deposits made on acquisition of investment properties/properties, plant and equipment		(186,482)	(121,492)
Withdrawal (placement) of deposits in designated bank account for development properties		41,216	(16,182)
Proceeds from disposal of property, plant and equipment		24	48
Proceeds from disposal of other assets		200	–
Repayment from an associate		436	2,209
Withdrawal of short-term bank deposits		691,019	323,563
Proceeds from disposal of asset classified as held for sale	30	1,450,000	–
Increase in loans receivable		–	(23,732)
Proceeds from assignment of loan receivables		–	21,163
Disposal of a subsidiary	41	–	613,032
Proceeds from disposal of investment properties		–	280,000
Net cash used in investing activities		(982,631)	(2,732,632)
Cash flows from financing activities			
Interest on bank and other borrowings paid		(198,828)	(125,180)
Acquisition of additional interests in subsidiaries	40	(21,837)	(44,344)
Bank loans raised		7,125,500	8,293,320
Repayment of bank loans		(7,256,079)	(7,361,005)
Advance from a related company		830,252	1,729,841
Repayment to a related company		(781,683)	(651,583)
Repayment to non-controlling interests of subsidiaries		(28,939)	(32,534)
Dividends paid to owners of the Company	14	(385,011)	(374,011)
Dividends paid to non-controlling interests of subsidiaries		(55,078)	(48,166)
Net cash (used in) generated from financing activities		(771,703)	1,386,338
Net increase in cash and cash equivalents		993,777	214,312
Cash and cash equivalents at the beginning of the year		1,315,914	1,097,053
Effect of foreign exchange rate changes		283	4,549
Cash and cash equivalents at the end of the year		2,309,974	1,315,914
Analysis of balance of cash and cash equivalents at end of the year, representing bank balances and cash		2,309,974	1,315,914

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Emperor International Group Holdings Limited, a limited liability company incorporated in British Virgin Islands (“BVI”). The directors of the Company (the “Board” or “Directors”) consider that its ultimate holding company is Albert Yeung Holdings Limited, a limited liability company incorporated in BVI, which is in turn held by STC International Limited being the trustee of The Albert Yeung Discretionary Trust (“AY Trust”), the settlor and founder of which is Dr. Yeung Sau Shing, Albert (“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 48.

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRS 7	Financial instruments: Disclosures – Transfers of financial assets
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In the prior years, 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”.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following Hong Kong Accounting Standards (“HKASs”) and HKFRSs, amendments and interpretations (“INTs”) (hereinafter collectively referred to as the “new and revised HKFRSs”) that have been issued but are not yet effective:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

- ¹ Effective for annual periods beginning on or after 1 January 2013.
- ² Effective for annual periods beginning on or after 1 January 2014.
- ³ Effective for annual periods beginning on or after 1 January 2015.
- ⁴ Effective for annual periods beginning on or after 1 July 2012.

Amendments to HKAS 1 “Presentation of items of other comprehensive income”

The amendments to HKAS 1 “Presentation of items of other comprehensive income” introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a ‘statement of comprehensive income’ is renamed as a ‘statement of profit or loss and other comprehensive income’. The amendments to HKAS 1 also require items of other comprehensive income to be 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 do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013 and the application of the amendments will have no material impact on the results and presentation in the consolidated financial statements in the future accounting periods.

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 will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard is unlikely to affect the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

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 offset of financial assets and financial liabilities 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 amendments to HKFRS 7 are effective for the Group’s annual period beginning 1 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 Group’s annual period beginning 1 April 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and liabilities in the future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – continued

New and revised standards on consolidations 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 standards that are relevant to the Group are described below.

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements. HK(SIC) – INT 12 “Consolidation – Special purpose entities” will be withdrawn upon the effective date of HKFRS 10. 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”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK(SIC) – INT 13 “Jointly controlled entities – Non-monetary contributions by venturers” will be withdrawn upon the effective date of HKFRS 11. 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 consolidation.

HKFRS 12 is a disclosure standard and is applicable to the Group’s interests in subsidiaries. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments to the transitional guidance, will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 April 2013. The Directors have assessed the control in respect of its subsidiaries under the new definition in the new and revised HKFRSs. The Directors anticipate that the application of these five standards is unlikely to have significant impact on amounts in connection to subsidiaries of the Company currently reported in the consolidated financial statements. In addition, the Group’s jointly controlled operation will be classified as joint operation under HKFRS 11. The application of HKFRS 12 will result in more extensive disclosure relating to non-controlling interests of the Group’s consolidated financial statements.

Except for the above new and revised HKFRSs, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs and HKASs 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 Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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 1 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.

Business combinations that took place before 1 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

On initial recognition, investment properties are measured at cost, 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.

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 for sale 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 for sale.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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 30 September 1995, and accordingly no further revaluation of land and buildings is carried out. Prior to 30 September 1995, the revaluation increase arising on the revaluation of these assets was credited to the asset 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 asset revaluation reserve relating to a previous revaluation of the same asset.

Depreciation is recognised so as to write off the cost, deemed cost or revalued amount 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 and (ii) the excess of the depreciation based on the revalued amount of the item over depreciation based on the item’s original cost.

Property, plant and equipment is transferred from properties under development for sale when there is a change of intention to hold the properties under development for sale for the Group’s own use. The carrying value of the property at the date of the transfer becomes the deemed cost of that property for subsequent accounting in accordance with HKAS 16 “Property, plant and equipment”.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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 is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

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. Contingent rentals arising under operating leases are recognised as an income in the period in which they are generated.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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. When the lease payments cannot be allocated reliably between land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

Catering goods

Catering goods 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 sales 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 for sale

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 term; or
- 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 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.

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 receivables in related to a development project, amount due from an associate, deposits in designated bank account for development properties, 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

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.

Financial liabilities and equity instruments

Debt 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near term; 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, amount 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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable 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 the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sale of developed properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to purchasers pursuant to the sales agreements. 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 services provided to a gaming operator in Macau under service arrangements for gaming operations in mass market halls, VIP rooms and slot machine hall is recognised when the provision of gaming-related marketing and public relation services are rendered and the Group is entitled to receive its service income according to the relevant operating performance from the gaming operator.

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

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.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 before taxation’ 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.

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).

Current and deferred taxes are recognised in profit or loss, except when they relate 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Critical judgement in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in the PRC and Macau in the aggregate carrying amounts of HK\$5,390,000,000 as at 31 March 2013 (2012: HK\$4,184,700,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the Directors have determined that the presumption that the carrying amounts of such investment properties are recovered through sale is rebutted. As a result, the Group has recognised deferred tax liabilities of HK\$523,429,000 (2012: HK\$320,026,000) on changes in fair value of investment properties on the assumption that these investment properties will be recovered through use.

For the Group's remaining investment properties which located in Hong Kong, the Directors have determined that such investment properties are presumed to be recovered through sale since they are not held under a business model whose objective is to consume substantially all of the economic benefits embedded in the investment properties over time. As a result, the Group has not recognised deferred tax on the changes in fair value of such investment properties subject to the income tax in Hong Kong.

Key sources of estimation uncertainty

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.

Fair value of investment properties

The investment properties of HK\$29,357,827,000 at 31 March 2013 (2012: HK\$22,745,890,000) are measured 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 key 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 development.

The basis of valuation is disclosed in note 16. 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.

Estimated net realisable value on properties under development for sale

In determining whether write-down should be made to the Group's properties under development for sale of HK\$1,804,664,000 (2012: HK\$3,083,088,000), 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. Write-down is made if the estimated market value less estimated cost to completion of the properties is less than the carrying amount. If the actual net realisable value on properties under development for sale is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material write-down may result.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Key sources of estimation uncertainty – continued

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 31 March 2013 was HK\$226,000,000 (2012: HK\$230,221,000)(see note 33 for details). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United Holdings Limited ("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 based on the cash flow forecasts and availability of surplus fund of Luck United and, consequently, affect the amount of imputed interest to be recognised in profit or loss, if any, over the expected life of the amounts due to non-controlling interest of a subsidiary.

Estimates of amount due to a related company

The Group's carrying amount of amount due to a related company as at 31 March 2013 is HK\$3,715,980,000 (2012: HK\$3,654,468,000) (see note 32 for details). 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 amount 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 31 March 2013 is HK\$230,451,000 (2012: HK\$219,521,000) (see note 27 for details).

Deferred tax assets

At 31 March 2013, deferred tax asset of approximately HK\$22,750,000 (2012: HK\$28,207,000) 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 tax losses of HK\$525,612,000 (2012: HK\$771,863,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 shareholders 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 32, the amounts due to non-controlling interests of subsidiaries as disclosed in note 33, the secured bank borrowings as disclosed in note 35, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and reserves.

The Directors 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

	2013 HK\$'000	2012 HK\$'000
Financial assets		
FVTPL		
Investments in trading securities	1	1
Derivative financial instruments	7,477	2,241
	7,478	2,242
Loans and receivables		
Receivables related to a development project (note 16)	183,877	–
Amount due from an associate	–	436
Deposits in designated bank account for development properties	14,801	56,017
Trade and other receivables	632,165	835,108
Pledged bank deposit	300	300
Short-term bank deposits	22,244	501,923
Bank balances and cash	2,309,974	1,315,914
	3,163,361	2,709,698
Financial liabilities		
FVTPL		
Derivative financial instruments	26,338	25,147
At amortised cost		
Trade and other payables	701,113	2,147,425
Amount due to a related company	3,715,980	3,654,468
Amounts due to non-controlling interests of subsidiaries	232,031	249,191
Secured bank borrowings	6,229,248	6,359,827
	10,878,372	12,410,911

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies

The Group's major financial instruments are listed in above table. 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\$46,805,000 (2012: 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.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate short-term bank deposits. The Group is also exposed to cash flow interest rate risk in relation primarily to its 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. The management's assessment of the reasonably possible change in interest rate and assuming that it took place at the beginning of each year and held constant throughout the respective year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

Interest rate risk – continued

Except for bank balances and deposits using 5 basis points (2012: 5 basis points), if interest rates had been 100 basis points (2012: 100 basis points) higher and all other variables were held constant, the potential effect on post-tax profit for the year is as follows:

	2013 HK\$'000	2012 HK\$'000
Increase (decrease) in post-tax profit for the year		
– Bank balances	1,150	686
– Amount due to a related company	(31,028)	(30,040)
– Interest rate swap contract	12,188	19,605
– Secured bank borrowings	(52,000)	(52,278)
	(69,690)	(62,027)

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 31 March 2013 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 receivables related to a development project at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors 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 82% (2012: 64%) and 82% (2012: 64%) 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 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 secured bank borrowings as a significant source of liquidity. At 31 March 2013, 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 liabilities. The tables have been drawn up based on the undiscounted contractual net cash outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial liabilities 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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 HK\$'000	1-3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
At 31 March 2013								
Non-derivative financial liabilities								
Trade and other payables	-	80,917	620,196	-	-	-	701,113	701,113
Amount due to a related company	3.54%	-	-	412,698	3,837,082	-	4,249,780	3,715,980
Amounts due to non-controlling interests of subsidiaries								
- non-interest bearing	-	232,031	-	-	-	-	232,031	232,031
Secured bank borrowings	1.62%	103,749	202,552	607,657	3,782,425	1,915,883	6,612,266	6,229,248
		416,697	822,748	1,020,355	7,619,507	1,915,883	11,795,190	10,878,372
Derivative-net settlement								
Interest rate swap contract – net	-	-	1,867	5,602	16,807	-	24,276	24,276
Foreign currency forward contracts – net	-	858	1,204	-	-	-	2,062	2,062
		858	3,071	5,602	16,807	-	26,338	26,338
At 31 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								
- interest-bearing	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 – net	-	-	1,293	3,879	16,814	-	21,986	21,986
Foreign currency forward contracts – net	-	-	330	1,623	1,208	-	3,161	3,161
		-	1,623	5,502	18,022	-	25,147	25,147

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity table – continued

Secured bank borrowings with a repayment on demand clause are included in the “less than 1 month or repayable on demand” time band in the above maturity analysis. As at 31 March 2013 and 31 March 2012, the aggregate carrying amounts of these secured bank borrowings amounted to HK\$103,749,000 and HK\$62,024,000 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 secured bank borrowings will be repaid within eight 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\$3,195,000, HK\$9,584,000, HK\$50,797,000 and HK\$47,528,000 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 (2012: 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).

(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 (excluding derivative financial instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair values 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 remaining duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

The Directors 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 31 March 2013, 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).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS – continued

(c) Fair value – continued

	2013		
	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
Financial assets at FVTPL			
Investments in trading securities	1	–	1
Derivative financial instruments			
– foreign currency forward contracts	–	7,477	7,477
	1	7,477	7,478
Financial liabilities at FVTPL			
Derivative financial instruments			
– interest rate swap contract	–	24,276	24,276
– foreign currency forward contracts	–	2,062	2,062
	–	26,338	26,338
	2012		
	Level 1 HK\$'000	Level 2 HK\$'000	Total 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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

7. REVENUE

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

	2013 HK\$'000	2012 HK\$'000
Hotel and hotel related operations		
Service income from gaming operations	1,855,291	1,627,329
Hotel room income	85,717	92,239
Food and beverage sales	127,375	108,600
Others	5,201	4,785
	2,073,584	1,832,953
Sales of properties	3,002,849	636,682
Rental income from investment properties	627,032	489,968
	5,703,465	2,959,603

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 is regularly reviewed by the Executive Directors of the Company (the "Executive Directors"), the chief operating decision makers, 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 and hotel related operation in the Grand Emperor Hotel in Macau and the Emperor (Happy Valley) Hotel in Hong Kong, including operations of mass market, VIP room and slot machine operations and provision of gaming-related marketing and public relation services in the Grand Emperor Hotel

The Executive Directors review the hotel and hotel related operations in Macau along with 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 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 gain (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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

8. SEGMENT INFORMATION – continued

Information regarding the above segments is reported below.

Segment revenue and results

For the year ended 31 March 2013

	Lease of properties HK\$'000	Properties development HK\$'000	Hotel and hotel related operations HK\$'000	Total HK\$'000
Segment revenue – from external customers	627,032	3,002,849	2,073,584	5,703,465
Segment results	5,159,604	1,499,729	825,594	7,484,927
Bank interest income				23,866
Unallocated corporate expenses, net				(114,118)
Net gain on fair value changes in derivative financial instruments				3,014
Finance costs				(210,447)
Share of result of an associate				(7)
Profit before taxation				7,187,235
Taxation				(560,765)
Profit for the year				6,626,470

Other information

For the year ended 31 March 2013

	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:				
Allowance for doubtful debts	–	–	19,231	19,231
Depreciation of property, plant and equipment	–	1,616	118,851	120,467
Release of prepaid lease payments	–	–	8,568	8,568
Reversal of write-downs of properties under development for sale	–	280	–	280
Fair value increase in properties	4,599,033	–	–	4,599,033

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, at corporate level	15,420

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

8. SEGMENT INFORMATION – continued

Segment revenue and results – continued

For the year ended 31 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
Bank 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				(154,392)
Profit for the year				4,925,940

Other information

For the year ended 31 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 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 doubtful debts	7
Depreciation of property, plant and equipment, at corporate level	15,216

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

8. SEGMENT INFORMATION – continued

Geographical information

The Group's operations are located in Hong Kong, 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, receivables related a development project and deposits in designated bank account for development properties, by geographical location of the assets are detailed below:

	Revenue from customers For the year ended 31 March		Non-current assets As at 31 March	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong	3,643,775	1,153,888	25,481,104	19,743,993
The PRC	19,783	11,623	3,405,077	2,751,401
Macau	2,039,907	1,794,092	3,637,173	3,065,285
	5,703,465	2,959,603	32,523,354	25,560,679

Information about major customers

During the year, revenue derived from the customer which contributed over 10% of the total revenue of the Group's revenue amounted to HK\$1,857,442,000 (2012: HK\$1,629,747,000). The revenue is related to the hotel and hotel related operations.

9. OTHER GAINS AND LOSSES

	2013 HK\$'000	2012 HK\$'000
Gain on disposal of a subsidiary (note 41)	–	26,287
Net gain (loss) on fair value changes in derivative financial instruments	3,014	(22,906)
Reversal of write-downs of properties under development for sale (Note)	280	1,150
	3,294	4,531

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\$280,000 (2012: HK\$1,150,000). The carrying amount of the properties at 31 March 2013 and 31 March 2012 was increased to the revised estimated recoverable amount but did not exceed the cost of these properties.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest on:		
– bank borrowings wholly repayable within five years	88,287	45,471
– other borrowings wholly repayable within five years	52,966	42,382
– bank borrowings not wholly repayable within five years	57,575	37,327
	198,828	125,180
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	11,385	12,691
Imputed interest expense on amount due to a related company	78,561	76,600
	288,774	214,471
Less: amount capitalised	(81,906)	(51,669)
	206,868	162,802
Bank charges	3,579	2,015
	210,447	164,817

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying capitalisation rates ranging from 1.49% to 1.67% (2012: up to 1.30%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

11. PROFIT BEFORE TAXATION

	2013 HK\$'000	2012 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	6,230	6,781
Allowance for doubtful debts	19,231	7
Depreciation of property, plant and equipment	135,887	114,201
Release of prepaid lease payments	8,568	8,568
Commission expenses in gaming operations (included in selling and marketing expenses)	457,079	452,804
Loss on disposal of property, plant and equipment	427	–
Loss on disposal of other assets	150	–
Operating lease rentals in respect of rented premises	5,479	5,778
Net exchange loss (gain)	83	(1,122)
Share of tax of an associate (included in share of result of an associate)	(1)	3
Staff costs, including Directors' remuneration and retirement benefit scheme contributions (note 12)	547,180	453,655
Cost of properties held for sale recognised as an expense	1,432,388	375,737
Cost of inventories in respect of hotel and hotel related operations recognised as an expense	44,422	41,417
Interest income from:		
– bank deposits	(23,866)	(18,180)
– loans receivable	–	(498)
	(23,866)	(18,678)
Bad debts recovered in respect of hotel and hotel related operations	(19,242)	–
Forfeited customers' deposits on pre-sale of properties	(22,517)	–

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

12. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Luk Siu Man, Semon HK\$'000	Wong Chi Fai HK\$'000	Fan Man Seung, Vanessa HK\$'000	Mok Fung Lin, Ivy HK\$'000 (note c)	Cheung Ping Keung HK\$'000	Chan Man Hon, Eric HK\$'000	Cheng Ka Yu HK\$'000 (note d)	Law Ka Ming, Michael HK\$'000 (note e)	Liu Hing Hung HK\$'000	Total HK\$'000
2013										
Fees	-	300	300	-	150	200	130	71	200	1,351
Other emoluments:										
Salaries and other benefits (note a)	-	3,198	1,548	-	3,690	-	-	-	-	8,436
Performance related incentive payment (note b)	-	3,500	3,500	-	5,400	-	-	-	-	12,400
Retirement benefit scheme contributions	-	224	108	-	15	-	-	-	-	347
Total emoluments	-	7,222	5,456	-	9,255	200	130	71	200	22,534
2012										
Fees	-	200	200	50	100	150	-	150	150	1,000
Other emoluments:										
Salaries and other benefits (note a)	-	2,895	1,275	645	3,420	-	-	-	-	8,235
Performance related incentive payment (note b)	-	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

Notes:

- Other benefits include non-exclusive use of motor vehicles, yacht, club debentures and membership.
- The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics for the year.
- Ms. Mok Fung Lin, Ivy resigned as Director on 1 July 2011.
- Ms. Cheng Ka Yu was appointed as Director on 8 August 2012.
- Mr. Law Ka Ming, Michael retired as Director on 8 August 2012.

The Chief Executives of the Company are also Directors and therefore the emoluments of the Chief Executives have been disclosed above.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS – continued

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2012: three) were Directors whose emoluments are set out above. The total emoluments of the remaining two (2012: two) individuals were as follows:

	2013 HK\$'000	2012 HK\$'000
Salaries and other benefits	15,325	8,864
Retirement benefit scheme contributions	–	141
	15,325	9,005

Their emoluments were within the following bands:

	2013 HK\$'000	2012 HK\$'000
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$6,000,001 to HK\$6,500,000	1	1
HK\$8,500,001 to HK\$9,000,000	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 December 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to profit or loss represents contribution payables 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 contribution payables 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\$6,870,000 (2012: HK\$5,837,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

13. TAXATION

	2013 HK\$'000	2012 HK\$'000
Current tax		
Hong Kong Profits Tax	241,218	17,111
Macau Complementary Income Tax ("CT")	100,583	80,002
The PRC Land Appreciation Tax ("LAT")	5,054	913
	346,855	98,026
Reversal of CT provision in prior years	(22,687)	(18,130)
(Over)under provision in prior years		
Hong Kong Profits Tax	(214)	(541)
CT	12	–
LAT	16,259	1,029
	16,057	488
Deferred taxation (note 36)		
Current year	220,540	74,008
	560,765	154,392

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 1 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 in five consecutive years after that year of assessment. At the end of the reporting period, the Directors reassessed the adequacy of the CT provision and determined to reverse part of the Group's relevant CT provision of HK\$22,687,000 for the 2007 year of assessment (2012: HK\$18,130,000 for the 2006 year of assessment) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

13. TAXATION – continued

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

	2013 HK\$'000	2012 HK\$'000
Profit before taxation	7,187,235	5,080,332
Tax charge at Hong Kong Profits Tax of 16.5%	1,185,894	838,255
Tax effect of share of result of an associate	1	(3)
Tax effect of income not taxable for tax purpose	(605,506)	(657,575)
Tax effect of expenses not deductible for tax purpose	43,692	44,721
LAT (net of tax effect on deduction of EIT)	3,790	593
Utilisation of tax losses previously not recognised	(46,712)	(32,266)
Tax effect of tax losses not recognised	6,081	16,190
Effect of different tax rates of subsidiaries operating in other jurisdictions	(20,818)	(40,336)
Reversal of tax provision in prior years	(22,687)	(18,130)
Underprovision in prior years	16,057	488
Others	973	2,455
Taxation for the year	560,765	154,392

14. DIVIDENDS

	2013 HK\$'000	2012 HK\$'000
Dividends recognised as distribution during the year:		
Final dividend paid for 2012: HK\$0.052 per share (2012: HK\$0.052 per share in respect of 2011)	190,673	190,673
Interim dividend paid for 2013: HK\$0.053 per share (2012: HK\$0.05 per share in respect of 2012)	194,338	183,338
	385,011	374,011

The final dividend of HK\$0.056 per share in respect of the year ended 31 March 2013 (2012: final dividend of HK\$0.052 per share) amounting to approximately HK\$205,339,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

15. EARNINGS PER SHARE

The calculations of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company are based on the following data:

	2013 HK\$'000	2012 HK\$'000
Earnings		
Earnings (profit for the year attributable to owners of the Company) for the purposes of basic and diluted earnings per share	6,156,029	4,459,091
Number of shares		
Number of ordinary shares in issue for the purpose of basic earnings per share	3,666,776,192	3,666,776,192
Effect of dilutive potential ordinary shares: Share options of the Company	700,038	–
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	3,667,476,230	3,666,776,192

Except for the dilutive potential ordinary shares disclosed in above, the computation of diluted earnings per share for the years ended 31 March 2013 and 31 March 2012 does not assume the exercise of the other outstanding share options of the Company and Emperor Entertainment Hotel Limited (“Emperor E Hotel”, the Company’s subsidiary) as the exercise prices of those options were higher than average market price of the shares of the Company and Emperor E Hotel respectively for both years.

Notes to the Consolidated Financial Statements

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16. INVESTMENT PROPERTIES

	2013			2012		
	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 fair value						
At 1 April	17,909,940	4,835,950	22,745,890	15,033,800	2,894,296	17,928,096
Exchange realignment	373	10,019	10,392	3,616	89,130	92,746
Additions	1,744,683	160,271	1,904,954	2,396,545	1,051,992	3,448,537
Disposals	-	-	-	(280,000)	-	(280,000)
Reclassified from properties held for sale (Note (a))	294,800	-	294,800	145,000	-	145,000
Reclassified to properties under development for sale (Note (b))	-	-	-	(165,000)	-	(165,000)
Reclassified from completed investment properties to investment properties under development (Note (c))	-	-	-	(645,000)	645,000	-
Reclassified to asset classified as held for sale (note 30)	-	-	-	(1,450,000)	-	(1,450,000)
Disposal of a subsidiary (note 41)	-	-	-	(850,000)	-	(850,000)
Increase in fair value	3,383,031	1,018,760	4,401,791	3,720,979	155,532	3,876,511
At 31 March	23,332,827	6,025,000	29,357,827	17,909,940	4,835,950	22,745,890

Notes:

- (a) During the year ended 31 March 2013, certain properties held for sale were reclassified to completed investment properties upon commencement of operating leases for rental to outsiders. At the date of transfer, the difference between the aggregate fair values of HK\$294,800,000 (2012: HK\$145,000,000) and the aggregate carrying values of HK\$97,558,000 (2012: HK\$46,446,000) amounting to HK\$197,242,000 (2012: HK\$98,554,000) was included in "fair value changes in properties" line item and recognised in profit or loss.
- (b) During the year ended 31 March 2012, certain properties originally held for rental purpose were reclassified to properties under development for sale upon commencement of development of the properties with a view to sale at fair value of HK\$165,000,000 at the date of transfer.
- (c) During the year ended 31 March 2012, certain completed investment properties were reclassified to investment properties under development upon commencement of development 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

16. INVESTMENT PROPERTIES – continued

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

	2013 HK\$'000	2012 HK\$'000
Situated in Hong Kong under:		
– long leases	16,390,300	12,791,390
– medium-term leases	7,577,527	5,769,800
Situated in PRC under:		
– long leases	1,510,000	1,288,400
– medium-term leases	1,887,000	1,454,000
Situated in Macau under:		
– long leases	227,000	184,000
– medium-term leases	450,000	391,000
– short leases	1,316,000	867,300
	29,357,827	22,745,890

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 31 March 2013 and 31 March 2012 and at dates of transfers have been arrived at on the basis of a valuation carried out on those dates by Memfus Wong Surveyors Limited, an independent firm of qualified professional property valuers not connected with the Group.

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

For investment properties under development, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations include key factors such as the market value of the completed investment properties, which are estimated with reference to recent sales evidence of similar properties in the nearest locality as available in the relevant market with adjustments made by the valuers to accounts for differences in the locations and other factors specific to determine the potential sales proceeds, and deducting the development costs and required profit margin from the investment properties which are derived from the interpretation of prevailing investor requirements or expectations at the valuation dates.

During the year, the net interest capitalised in investment property under development amounted to HK\$31,092,000 (2012: HK\$15,944,000).



Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

16. INVESTMENT PROPERTIES – continued

Jointly controlled operation relating to the investment property under development in the PRC

The subsidiaries of the Company, Expert Pearl Investments Limited and its subsidiaries (collectively referred to as the “Expert Pearl Group”) entered into a joint venture agreement (the “JV Agreement”) with Shanghai Zhangxi Investment Development Co., Ltd. (formerly known as Shenzhen Lianhe Jinhao Investment Development Co., Ltd.) (the “JV Partner”) in 2004 to jointly develop investment properties under development located in Shanghai (the “Site”). Expert Pearl Group and the JV Partner intend to develop the site into a commercial complex (the “Project”). Under the JV Agreement, Expert Pearl Group would provide a piece of land for the Site and the JV Partner would bear the full construction cost. The saleable floor area would be split between the parties in equal shares after the completion of the development of the Project.

The Project is accounted as the jointly controlled operation (the “JCO”) under the terms of the JV Agreement and in accordance with a judgement from The Supreme People’s Court in the PRC on 6 January 2012. The assets and liabilities attributable to the JCO which are included in the consolidated financial statements of the Group at 31 March 2013 and 31 March 2012 are disclosed as follows:

	2013 HK\$’000	2012 HK\$’000
Property, plant and equipment	573	186
Investment property under development	1,403,000	1,190,000
Receivables related to a development project (Note)	183,877	183,183
Other receivables, deposits and prepayments	1,037	778
Bank balances and cash	2,710	1,029
Total assets	1,591,197	1,375,176
Trade and other payables	184,234	183,513
Deferred taxation	231,276	174,478
Total liabilities	415,510	357,991

Note: The amounts represent construction costs that should be settled by the JV Partner in accordance with the terms of the JV Agreement. At 31 March 2013, in the opinion of the Directors, such amounts are not expected to be realised within twelve months from the end of the reporting period and are, therefore, classified as non-current assets.

The amounts were classified as current assets and included in other receivables (see note 27) at 31 March 2012.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong HK\$'000	Buildings HK\$'000	Hotel properties HK\$'000	Leasehold improvements HK\$'000	Hotel properties under construction HK\$'000	Others HK\$'000	Total HK\$'000
COST OR DEEMED COST							
At 1 April 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 31 March 2012	338,025	129,918	1,221,383	229,701	659,541	192,865	2,771,433
Exchange realignment	–	27	–	6	–	18	51
Additions	–	7,513	–	87,075	102,371	117,252	314,211
Reclassified from properties under development for sale (Note)	–	–	–	–	198,959	–	198,959
Disposals	–	–	–	(5,418)	–	(1,453)	(6,871)
At 31 March 2013	338,025	137,458	1,221,383	311,364	960,871	308,682	3,277,783
DEPRECIATION							
At 1 April 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 31 March 2012	71,023	21,183	115,981	80,026	–	161,083	449,296
Exchange realignment	–	3	–	7	–	18	28
Provided for the year	4,772	3,566	29,395	48,405	–	49,749	135,887
Eliminated on disposal	–	–	–	(5,407)	–	(1,013)	(6,420)
At 31 March 2013	75,795	24,752	145,376	123,031	–	209,837	578,791
CARRYING VALUES							
At 31 March 2013	262,230	112,706	1,076,007	188,333	960,871	98,845	2,698,992
At 31 March 2012	267,002	108,735	1,105,402	149,675	659,541	31,782	2,322,137

Note: During the year ended 31 March 2013, a building located in Hong Kong previously classified as properties under development for sale was reclassified as property, plant and equipment at carrying amount of HK\$198,959,000 at the date of transfer as the Group changed its plan to develop a self-operating hotel. The change of usage of land has been approved by the relevant government body.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

17. PROPERTY, PLANT AND EQUIPMENT – continued

The above items of property, plant and equipment other than hotel properties 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:

	2013 HK\$'000	2012 HK\$'000
Leasehold land in Hong Kong under:		
– long lease	228,152	231,891
– medium-term lease	34,078	35,111
	262,230	267,002
Buildings in Hong Kong under:		
– long lease	13,727	14,441
– medium-term lease	9,115	9,352
	22,842	23,793
Buildings in PRC under long lease	6,475	6,766
Buildings in Macau under long lease	83,389	78,176
	112,706	108,735
Hotel property in Hong Kong under long lease	92,996	96,888
Hotel property in Macau under medium-term lease	983,011	1,008,514
	1,076,007	1,105,402
Hotel properties under construction in Hong Kong under long lease	960,871	659,541

During the year, the net interest capitalised in property, plant and equipment amounted to HK\$17,862,000 (2012: HK\$7,282,000).

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For the year ended 31 March 2013

18. PREPAID LEASE PAYMENTS

	HK\$'000	
COST		
At 1 April 2011		326,982
Release for the year		(8,568)
At 31 March 2012		318,414
Release for the year		(8,568)
At 31 March 2013		309,846
	2013	2012
	HK\$'000	HK\$'000
The Group's prepaid lease payments comprise:		
Situated in Macau under medium-term lease	309,846	318,414
Analysed for reporting purposes as:		
– non-current portion	301,278	309,846
– current portion	8,568	8,568
	309,846	318,414

19. INTEREST IN AN ASSOCIATE

	2013	2012
	HK\$'000	HK\$'000
Cost of investment in an associate	–	–
Share of post-acquisition reserves, net of dividends	–	189
	–	189

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

Result for the year

	2013	2012
	HK\$'000	HK\$'000
(Loss) profit and total comprehensive (expense) income for the year	(14)	34
(Loss) profit and total comprehensive (expense) income attributable to the Group	(7)	17

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

19. INTEREST IN AN ASSOCIATE – continued

Financial position

	2013 HK\$'000	2012 HK\$'000
Non-current assets	–	802
Current assets	18	384
Current liabilities	(18)	(414)
Non-current liabilities	–	(394)
Total equity	–	378
Group's share of net asset of an associate	–	189

Particulars of the Group's associate as at 31 March 2013 and 31 March 2012, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group		Principal activities
		2013	2012	
Brightwing Development Limited	Hong Kong	50%	50%	Inactive

20. AMOUNT DUE FROM AN ASSOCIATE

As at 31 March 2012, the amount due from an associate was unsecured and interest-free. The amount was settled by the associate during the year.

21. DEPOSITS IN DESIGNATED BANK ACCOUNT FOR DEVELOPMENT PROPERTIES

The amount of HK\$14,801,000 (2012: HK\$56,017,000) (equivalent to approximately RMB11,953,000 (2012: RMB45,409,000)), was deposited to a bank account designated under 北京朝陽區房屋管理局 as deposits 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 1.27% (2012: 1.31%) per annum. At 31 March 2013, the balance is expected to be released within twelve months from the end of the reporting period and classified as current assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

22. GOODWILL

HK\$'000

COST

At 1 April 2011, 31 March 2012 and 31 March 2013

56,683

For the purpose of impairment test, goodwill of HK\$54,743,000 (2012: HK\$54,743,000) has been allocated to hotel and hotel related operation of Emperor E Hotel (a single cash generating unit "CGU").

At 31 March 2013, the Group performed an impairment review for goodwill of Emperor E Hotel 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% (2012: 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 revenue and direct costs during the year. The forecast is discounted using a discount rate of 22% (2012: 19%). The discount rate was determined with reference to weighted average cost of capital ("WACC") of similar companies in the industry adjusted for specific risks associated with Emperor E Hotel's gaming operation. The growth rate does not exceed the long-term average industry growth forecasts. Changes in revenue 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 (2012: 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.

23. OTHER ASSETS

	2013 HK\$'000	2012 HK\$'000
Club debentures and membership, at cost	4,092	4,442

The club debentures and membership have indefinite life.

24. INVENTORIES

	2013 HK\$'000	2012 HK\$'000
Catering goods, at cost	14,179	13,144

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25. PROPERTIES HELD FOR SALE

The properties held for sale comprise properties:

	2013 HK\$'000	2012 HK\$'000
Situated in Hong Kong under:		
– long lease	176,023	–
– medium-term lease	57,790	90,519
	233,813	90,519
Situated in the PRC and held under land use rights with terms expiring within 50 years	625	4,072
	234,438	94,591

26. PROPERTIES UNDER DEVELOPMENT FOR SALE

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

	2013 HK\$'000	2012 HK\$'000
Situated in Hong Kong under:		
– long leases	1,749,666	2,661,858
– medium-term leases	54,998	421,230
	1,804,664	3,083,088

The amounts are expected to be recovered after twelve months from the end of the reporting period (2012: approximately HK\$1,403,854,000 are expected to complete within one year).

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27. TRADE AND OTHER RECEIVABLES

	2013 HK\$'000	2012 HK\$'000
An analysis of trade and other receivables is as follows:		
Trade receivables	230,451	219,521
Chips on hand	88,331	89,315
Other receivables	313,383	343,089
Other receivables related to a development project (notes 16)	–	183,183
Deposits and prepayments	45,267	80,588
	677,432	915,696

An aged analysis of the Group's trade receivables (net of allowances) based on either the date of credit granted or the invoice date at the end of the reporting period is set out below:

	2013 HK\$'000	2012 HK\$'000
0 – 30 days	200,427	156,948
31 – 90 days	5,115	16,024
91 – 180 days	5,152	3,906
Over 180 days	19,757	42,643
	230,451	219,521

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 assess the credit quality of the potential tenants.

No credit period were granted to hotel customers generally except for those high credit rating customers to whom 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\$23,936,000 (2012: HK\$25,094,000). These related companies are either controlled by AY Trust or a discretionary trust set up by an associate of Dr. Albert Yeung. The amounts are unsecured, interest-free and repayable within one year.

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27. TRADE AND OTHER RECEIVABLES – continued

Included in other receivables are deposits received for pre-sale of the Group's properties under development for sale of HK\$97,108,000 (2012: HK\$217,796,000) under the custodian of the independent lawyers on behalf of the Group.

The carrying amounts of trade receivables in respect of hotel and hotel related operation do not have debtor which was 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\$24,830,000 (2012: HK\$46,243,000) that would otherwise be past due or impaired have the terms not been renegotiated.

Included in the trade receivable balances in respect of other operations are debtors with carrying amounts of HK\$1,622,000 (2012: HK\$3,038,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss.

Aging of trade receivables which are past due but not impaired

	2013 HK\$'000	2012 HK\$'000
Overdue for:		
1 – 30 days	1,322	2,220
31 – 90 days	221	512
91 – 180 days	79	306
	1,622	3,038

Movement in the allowance for doubtful debts

	2013 HK\$'000	2012 HK\$'000
At 1 April	79	72
Impairment loss recognised	19,231	7
At 31 March	19,310	79

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$19,310,000 (2012: HK\$79,000). Since the management considered the prolonged outstanding balances from individual customers were in doubt, full impairment has been made on these balances. The Group does not hold any collateral over these balances.

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

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28. INVESTMENTS IN TRADING SECURITIES

	2013 HK\$'000	2012 HK\$'000
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	1	1

29. 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 1.10% to 1.80% (2012: 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 1.90% (2012: 0.01% to 2.53%) per annum.

30. ASSET CLASSIFIED AS HELD FOR SALE

At 31 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. The transaction was completed in November 2012 at cash consideration of HK\$1,450,000,000.

31. 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:

	2013 HK\$'000	2012 HK\$'000
0 – 90 days	59,116	20,120
91 – 180 days	485	92
Over 180 days	67	35
	59,668	20,247
Construction payables and accruals	567,732	488,717
Other payables and accruals	220,212	163,976
Rental deposits received	168,872	161,517
Deposits received from pre-sale of properties	4,584	1,230,425
Land premium payable (note 44(b))	–	798,000
	1,021,068	2,862,882

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32. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured and carried interest ranging from HIBOR + 1.12% to HIBOR + 1.20% (2012: HIBOR + 0.88% to HIBOR + 1.20%). The interest payable to the related company, a wholly-owned subsidiary of the AY Trust, is calculated at 1.40% (2012: 1.50%) per annum at the end of the reporting period.

During the year, further advances from the related company amounted to HK\$830,252,000 (2012: HK\$1,729,841,000) and the Group partially repaid the principal of HK\$781,683,000 (2012: HK\$651,583,000) to the related company. The principal amount outstanding as at 31 March 2013 was HK\$3,876,134,000 (2012: HK\$3,827,565,000). It was agreed with the related company that the Group will repay the amount based on the sufficiency of its operating cash flows determined by the management of the Group. Therefore, the Group revises its estimates on the amounts of repayments to the related company and adjusts the carrying amount to be stated under current and non-current liabilities in accordance with the revised estimated cash flows on regular basis. At the end of the reporting period, the Group calculates the estimated future cash flows at effective interest rates ranging from 3.25% to 3.77% (2012: 3.75%). During the year, the Group recognised a deemed capital contribution in equity of HK\$65,618,000 (2012: HK\$103,099,000) due to fair value adjustment on initial recognition of further advances from the related company in current year.

In the opinion of the Directors, the carrying amount of the amount due to the related company of HK\$3,317,390,000 (2012: HK\$3,282,162,000) 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 any payment of this amount from the Group within one year from the end of the reporting period. Accordingly, the carrying amount of HK\$3,317,390,000 (2012: HK\$3,282,162,000) is shown as non-current liabilities.

33. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

Amounts due to non-controlling interests of subsidiaries comprise:

- (i) Amount of HK\$6,031,000 (2012: HK\$18,970,000) which is unsecured, interest-free and repayable on demand, and
- (ii) Amounts of HK\$226,000,000 (2012: HK\$230,221,000) which are unsecured, interest-free shareholders' loans due to non-controlling interests 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\$16,000,000 (2012: HK\$32,000,000). The principal amount outstanding as at 31 March 2013 was HK\$226,000,000 (2012: HK\$242,000,000).

At the end of the reporting period, the management of Luck United determined that Luck United has adequate available surplus fund for repayment of all principal amount outstanding to its non-controlling interests. The carrying amount of the amounts due to non-controlling interests of HK\$226,000,000 is repayable on demand at the discretion of non-controlling interests at 31 March 2013.

At 31 March 2012, the Directors expected to repay HK\$230,221,000 of the carrying amount of the amounts due to non-controlling interests in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund as at 31 March 2012.

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34. DERIVATIVE FINANCIAL INSTRUMENTS

	2013		2012	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Derivatives not under hedge accounting				
Interest rate swap contract	–	24,276	–	21,986
Foreign currency forward contracts	7,477	2,062	2,241	3,161
	7,477	26,338	2,241	25,147
Analysed for reporting purposes as				
Current	7,477	2,062	2,241	1,952
Non-current	–	24,276	–	23,195
	7,477	26,338	2,241	25,147

(a) Interest rate swap contract

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:

At 31 March 2013 and 31 March 2012

Notional amount	Maturity	Receive floating	Pay fixed
HK\$500,000,000	21 June 2016	3-month HIBOR	2.088%

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34. DERIVATIVE FINANCIAL INSTRUMENTS – continued

(b) Foreign currency forward contracts

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 summary of major terms of the foreign currency forward contracts at the end of the reporting period are as follows:

2013

Notional amount	Maturity	Forward contract rates
11 contracts to buy RMB676.6 million in aggregate	Within one year	RMB1 to HK\$1.2140 to RMB1 to HK\$1.2466
2 contracts to sell RMB226.6 million in aggregate	Within one year	HK\$1 to RMB0.8095 to HK\$1 to RMB0.8063

2012

Notional amount	Maturity	Forward contract rates
29 contracts to buy RMB623.7 million in aggregate	Within one year	RMB1 to HK\$1.2120 to RMB1 to HK\$1.2284
3 contracts to buy RMB105.4 million in aggregate	Between one to two years	RMB1 to HK\$1.2266 to RMB1 to HK\$1.2302
13 contracts to sell RMB279.1 million in aggregate	Within one year	HK\$1 to RMB0.8218 to HK\$1 to RMB0.8138

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For the year ended 31 March 2013

35. SECURED BANK BORROWINGS

	2013 HK\$'000	2012 HK\$'000
Carrying amounts based on scheduled repayment dates set out in the loans agreements:		
Within one year	709,092	2,438,536
Between one to two years	473,574	510,395
Between two to five years	3,059,210	1,523,183
Over five years	1,883,623	1,825,689
	6,125,499	6,297,803
Carrying amounts of bank borrowings that contain a repayment on demand clause shown under current liabilities	103,749	62,024
	6,229,248	6,359,827
Less: Amounts due within one year shown under current liabilities	(812,841)	(2,500,560)
Amounts due after one year shown under non-current liabilities	5,416,407	3,859,267

The bank borrowings carried interest ranging from HIBOR + 0.55% to HIBOR + 2.9% (2012: HIBOR + 0.55% to HIBOR + 2.9%) and are secured by certain of the Group's assets. The carrying values of these assets at end of the reporting period were as follows:

	2013 HK\$'000	2012 HK\$'000
Investment properties	23,066,200	18,306,280
Properties under development for sale	1,566,695	1,647,582
Buildings, including relevant leasehold land in Hong Kong	81,470	83,682
Hotel properties and hotel properties under construction, including relevant leasehold land in Hong Kong	2,027,950	1,971,991
Prepaid lease payments	309,846	318,414
	27,052,161	22,327,949

At 31 March 2013, the weighted average effective interest rate on the Group's aggregate bank borrowings is 1.62% (2012: 1.77%).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

36. DEFERRED TAXATION

The following are the major deferred tax (liabilities) assets recognised and movements thereon during the 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 1 April 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 41)	9,316	–	–	–	9,316
At 31 March 2012	(112,966)	(4,191)	(320,026)	28,207	(408,976)
Exchange realignments	–	–	(664)	–	(664)
Charge to profit or loss (note 13)	(12,344)	–	(202,739)	(5,457)	(220,540)
Credit to equity	302	–	–	–	302
At 31 March 2013	(125,008)	(4,191)	(523,429)	22,750	(629,878)

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

At 31 March 2013, the Group had tax losses of HK\$684,380,000 (2012: HK\$952,826,000) available for offset against future profits. Deferred tax asset has been recognised in respect of HK\$158,768,000 (2012: HK\$180,963,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$525,612,000 (2012: HK\$771,863,000) due to the unpredictability of future profit streams. The tax losses of the Group might be carried forward indefinitely.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 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\$114,774,000 (2012: HK\$145,409,000) 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

37. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
THE COMPANY		
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013	500,000,000,000	5,000,000
Issued and fully paid:		
At 1 April 2011, 31 March 2012 and 31 March 2013	3,666,776,192	36,668

38. 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 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.

Particulars of the outstanding options which were granted to the Directors under the Scheme are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2011	Lapsed during the year [#]	Outstanding at 31 March 2012	Lapsed during the year [@]	Outstanding at 31 March 2013
11.8.2005	11.8.2005 – 10.8.2015	1.746	21,538,950	–	21,538,950	–	21,538,950
28.1.2008	28.1.2008 – 27.1.2013	2.702	18,846,579	(2,692,368)	16,154,211	(16,154,211)	–
			40,385,529	(2,692,368)	37,693,161	(16,154,211)	21,538,950

[#] The share options have lapsed due to the resignation of one of the Directors.

[@] The share options have lapsed due to expiry on exercisable period of such options.

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

No option has been granted under the Scheme by the Company during the years ended 31 March 2013 and 31 March 2012.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

38. SHARE OPTION – continued

Share option scheme of Emperor E Hotel

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

Under the Emperor E Hotel Scheme, the directors of Emperor E Hotel are authorised, at any time within ten years after the Emperor E Hotel Adoption Date, to grant options to any participants to subscribe for shares in Emperor E Hotel at a price not less than the highest of (i) the closing price of Emperor E Hotel shares on the date of grant; (ii) the average closing prices of Emperor E Hotel shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of Emperor E Hotel share. The total number of shares in respect of which options may be granted under the Emperor E Hotel Scheme cannot exceed 10% of the total number of shares in issue on the Emperor E Hotel 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 E Hotel Scheme and any other share option scheme of Emperor E Hotel, if any, cannot exceed 30% of the total number of Emperor E Hotel shares in issue from time to time. The number of Emperor E Hotel 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. The Emperor E Hotel Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. The options granted under the Emperor E Hotel Scheme remain valid and exercisable in accordance with the rules of the Emperor E Hotel Scheme. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

On 11 August 2005, a total of 10,000,000 share options were granted by Emperor E Hotel to two directors of Emperor E Hotel who are also Directors at an exercise price of HK\$2.20 under the terms of the Emperor E Hotel Scheme. The options were vested immediately at the date of grant.

Particulars of the outstanding options which were granted to the directors of Emperor E Hotel under the Emperor E Hotel Scheme are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at
			1 April 2011, 31 March 2012 and 31 March 2013
11.8.2005	11.8.2005 – 10.8.2015	2.20	10,000,000

No option has been granted by Emperor E Hotel under the Emperor E Hotel Scheme during the years ended 31 March 2013 and 31 March 2012.

39. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31 March 2013 was a deemed contribution by non-controlling interests of HK\$21,903,000 (2012: HK\$22,297,000) (see note 33 for details) on certain interest-free loans from the non-controlling interests of a subsidiary which were contributed in accordance with their shareholdings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

40. ACQUISITIONS OF ADDITIONAL INTEREST IN SUBSIDIARIES

- (i) During the year ended 31 March 2013, the Group acquired an additional 13,995,000 shares in Emperor E Hotel, representing 1.08% equity interests in Emperor E Hotel, from non-controlling shareholders of Emperor E Hotel, at cash consideration of HK\$19,860,000. The difference between the consideration paid of HK\$19,860,000 and the decrease in the non-controlling interests of HK\$25,718,000 of HK\$5,858,000 was recognised directly in other reserve.
- (ii) During the year ended 31 March 2013, the Group acquired an additional 5 shares in Levin Group Limited (“Levin Group”), representing 3.05% of equity interests in Levin Group, from non-controlling shareholders of Levin Group at cash consideration of HK\$1,977,000. There was no difference between the consideration paid and the decrease in the non-controlling interests.
- (iii) During the year ended 31 March 2012, the Group acquired an additional 34,015,000 issued shares of Emperor E Hotel, representing 2.63% equity interests in Emperor E Hotel, from non-controlling shareholders of Emperor E Hotel, 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.

41. DISPOSAL OF A SUBSIDIARY

On 25th July, 2011, Good Force Investments Limited, 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)
<hr/>	
Net assets disposed of	586,745
Gain on disposal	26,287
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Total consideration	613,032
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Net cash inflow arising on disposal:	
Cash consideration	613,032
Less: Bank balances and cash disposed of	–
<hr/>	
	613,032
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Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

42. COMMITMENTS

	2013 HK\$'000	2012 HK\$'000
Authorised but not contracted for in respect of:		
– property under development for sale	469,552	1,617,271
– investment properties	1,592,625	2,214,357
– property, plant and equipment	668,850	82,279
	2,731,027	3,913,907
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property under development for sale	683,398	280,463
– investment properties	539,189	799,042
– property, plant and equipment	254,534	42,126
	1,477,121	1,121,631
	4,208,148	5,035,538

43. OPERATING LEASE COMMITMENTS

The Group as lessee

	2013 HK\$'000	2012 HK\$'000
Minimum lease payment paid and payable under operating leases during the year in respect of rented premises	5,479	5,778

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:

	2013 HK\$'000	2012 HK\$'000
Within one year	3,576	5,753
In the second to fifth year inclusive	1,675	3,589
	5,251	9,342

Leases are negotiated for terms ranging from 1 to 3 years (2012: 1 to 3 years) and the rentals are pre-determined and fixed.

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For the year ended 31 March 2013

43. OPERATING LEASE COMMITMENTS – continued

The Group as lessor

	2013 HK\$'000	2012 HK\$'000
Minimum lease payments received and receivable under operating leases during the year in respect of investment properties	627,032	489,968

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:

	2013 HK\$'000	2012 HK\$'000
Within one year	571,192	524,568
In the second to fifth years inclusive	498,033	649,264
Over five years	6,126	–
	1,075,351	1,173,832

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\$11,535,000 (2012: HK\$12,049,000). The lease commitments presented above is based on the existing committed monthly minimum lease payments.

44. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 March 2013, additions of investment properties, property, plant and equipment and properties under development for sale of HK\$106,580,000 (2012: HK\$365,097,000), HK\$14,912,000 (2012: HK\$565,000) and HK\$nil (2012: HK\$20,500,000), respectively, were settled by utilising deposits paid in prior year.
- (b) The additions of investment properties under development at 31 March 2012 included recognition of land premium payable of HK\$798,000,000 (see note 31) which was settled with the government of HKSAR in cash during the current year.

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For the year ended 31 March 2013

45. EVENT AFTER THE REPORTING PERIOD

Pursuant to the Company's announcement dated 11 June 2013, Prime Summit Investment Limited (formerly known as Emperor (China) Property Limited), an indirect wholly owned subsidiary of the Company, has successfully tendered for the entire issued share capital of Honfirst Land Limited ("Honfirst") from an independent party by the result of a public tender. Honfirst is an investment holding company incorporated in Hong Kong with limited liability and is the registered and beneficial owner of a property (the "Property"), which is known as Wing Hang Finance Centre located at No. 60 Gloucester Road, Wanchai, Hong Kong, being the sole property asset of Honfirst. Other than leasing the Property to commercial tenants, Honfirst has no other business operation. The Group intends to hold the property for long term investment purpose. The purchase consideration of this transaction is HK\$1,588,000,000 subject to an adjustment of an amount equal to the aggregate current assets (not including the Property) less current liabilities of the financial statements of Honfirst at date of completion of this transaction. At the date these consolidated financial statements were authorised for issuance, the transaction has not yet completed.

46. RELATED PARTY TRANSACTIONS

- (a) Other than disclosed in notes 20, 27, 32 and 33, the Group also had the following significant transactions with related parties:

	2013	2012
	HK\$'000	HK\$'000
Advertising and other expenses to related companies	5,646	3,818
Disposal of loans receivables to a related company	–	21,163
Commission to Dr. Albert Yeung in capacity of a patron of the Group's VIP rooms	490	229
Hotel and restaurant income from related companies	803	1,077
Interest expenses to a related company	131,527	118,982
Purchase of property, plant and equipment and merchandising goods from related companies	1,273	–
Service fees from related companies	290	326
Rental income from related companies	296,929	201,543
Secretarial fee expenses to a related company	675	660
Share of administrative expenses by related companies	73,743	61,632

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

- (b) The key management personnel of the Company are Directors. Details of the remunerations are set out in note 12.
- (c) On 22 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 31 March 2013 was HK\$8,860,000 (2012: HK\$6,054,000).
- (d) In July 2012, the Group acquired an additional 3.05% of equity interests in Levin Group from a related company ultimately owned by the family members of an associate of Dr. Albert Yeung. Details of the transaction is disclosed in note 40(ii).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

47. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31 March 2013 and 31 March 2012 is as follows:

	2013 HK\$'000	2012 HK\$'000
Total assets		
Investment in subsidiaries	893,236	893,236
Other receivables	449	449
Amount due from subsidiaries	8,405,605	6,530,289
Bank balances and cash	88	93
	9,299,378	7,424,067
Total liabilities		
Other payables	980	723
Capital and reserves		
Share capital	36,668	36,668
Reserves (Note)	9,261,730	7,386,676
	9,298,398	7,423,344

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 1 April 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 31 March 2012	36,668	4,542,224	17,475	109,474	2,717,503	7,423,344
Profit and total comprehensive						
income for the year	-	-	-	-	2,260,065	2,260,065
Share options lapsed during the year	-	-	(12,819)	-	12,819	-
Final dividend paid for 2012	-	-	-	-	(190,673)	(190,673)
Interim dividend paid for 2013	-	-	-	-	(194,338)	(194,338)
At 31 March 2013	36,668	4,542,224	4,656	109,474	4,605,376	9,298,398

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48. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2013 and 31 March 2012, 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		Principal activities
			2013 %	2012 %	
Directly held					
Emperor Investment Limited	Hong Kong	1,000	100.00	100.00	Investment holding
Indirectly held					
Access Rich Investment Limited	Hong Kong	1	100.00	–	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	100.00	Property investment
Arch-Concept Limited	Hong Kong	2	100.00	100.00	Property development
Asian Glory Limited	Macau	MOP25,000	37.55 ⁵	36.90 ⁵	Property holding
Betuna Investments Limited	Hong Kong	2	100.00	100.00	Property investment
Billion Ideal Limited	Hong Kong	1	100.00	100.00	Property development
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
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	10,000	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	1,230,000,000	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 E Hotel ⁴	Bermuda	129,255	62.58	61.50	Hotel and gaming operation
Emperor Entertainment Hotel Holdings Limited	Hong Kong	100	100.00	100.00	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

48. 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		Principal activities
			2013 %	2012 %	
Indirectly held – continued					
Emperor Financial Management Limited	Hong Kong	100	100.00	100.00	Provision of treasury services to group company
Emperor Hotel (HK) Limited	Hong Kong	2	100.00	100.00	Property investment and hotel operation
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
Faith Power Investment Limited	Hong Kong	1	100.00	–	Property Investment
Fortune Step Corporation Limited	Hong Kong	1	100.00	–	Property Investment
Gallan Limited	Hong Kong	2	100.00	100.00	Property investment
Gold Pleasure Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Gold Shine Investment Limited	Hong Kong	2	100.00	97.71	Property development
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	100.00	Property investment
Good Lead Investment Limited	Hong Kong	2	100.00	100.00	Property Investment
Emperor Entertainment Hotel Investment Limited <i>(formerly known as Great Assets Holdings Limited)</i>	British Virgin Islands/Macau	US\$50	62.58	61.50	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
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	37.55 ⁵	36.90 ⁵	Gaming operation

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48. 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		Principal activities
			2013 %	2012 %	
Indirectly held – continued					
Keenpower Base Limited	Hong Kong	1	100.00	100.00	Property investment
Lavagem Investment Limited <i>(formerly known as Emperor Entertainment Hotel Investment Limited)</i>	British Virgin Islands/Macau	US\$1	62.58	61.50	Investment holding
Lord Link Limited	Hong Kong	1	100.00	100.00	Property investment
Luck United	British Virgin Islands/Macau	US\$10,000	37.55 ⁵	36.90 ⁵	Investment holding
Max Intelligence Limited	Hong Kong	1	100.00	100.00	Property investment
Max Strength Limited	Hong Kong	1	100.00	–	Property investment
Motive Drive Limited	Hong Kong	100	100.00	100.00	Property development
Million Best Corporation Limited	Hong Kong	2	100.00	100.00	Property investment
National Goal Limited	Hong Kong	2	100.00	100.00	Property investment
Grand Emperor Entertainment & Hotel (Macau) Limited <i>(formerly known as Pacific Strong Bases (Holding) Company Limited)</i>	Macau	MOP500,000	37.55 ⁵	36.90 ⁵	Provision of hotel and catering services
Planwing Limited	Hong Kong	2	100.00	100.00	Property investment
Pleasure View Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Power Mark Corporation Limited	Hong Kong	1	100.00	–	Property investment
Precision Faith Limited	Macau	MOP100,000	62.58	61.50	Gaming operation and provision of gaming related marketing and promotion services
Prestige Gold Investment Limited	Hong Kong	100	100.00	100.00	Property holding
Profit Valley Limited	Hong Kong	1	100.00	100.00	Property investment
Quick Gain Investments Limited	British Virgin Islands/Macau	US\$1	62.58	100.00	Investment holding
Ready Earn Limited	Hong Kong	1	100.00	100.00	Property investment
Rich Aim Corporation Limited	Hong Kong	2	100.00	100.00	Property investment
Richorse Limited	Hong Kong	2	100.00	100.00	Property investment
Right Achieve Limited	British Virgin Islands/Macau	US\$1	37.55 ⁵	36.90 ⁵	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

48. 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		Principal activities
			2013 %	2012 %	
Indirectly held – continued					
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
Superb Quo Limited	Hong Kong	2	100.00	100.00	Property development
Tin Hou Limited	Macau	MOP25,000	62.58	61.50	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
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 cooperative joint venture established in the PRC.

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

⁵ These companies are non-wholly owned subsidiaries of Emperor E Hotel 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 31 March 2013 and 31 March 2012.

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

Financial Summary

RESULTS

	For the year ended 31 March				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Revenue	5,703,465	2,959,603	1,784,847	1,449,773	348,170
Profit (loss) before taxation	7,187,235	5,080,332	3,800,203	3,334,910	(1,683,331)
Taxation	(560,765)	(154,392)	(99,373)	(148,633)	(6,772)
Profit (loss) for the year	6,626,470	4,925,940	3,700,830	3,186,277	(1,690,103)
Attributable to:					
Owners of the Company	6,156,029	4,459,091	3,444,702	3,059,424	(1,689,672)
Non-controlling interests	470,441	466,849	256,128	126,853	(431)
	6,626,470	4,925,940	3,700,830	3,186,277	(1,690,103)

ASSETS AND LIABILITIES

	At 31 March				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000	2009 HK\$'000
Total assets	37,803,653	33,005,564	25,285,173	19,281,613	10,640,067
Total liabilities	(12,346,965)	(13,789,251)	(10,725,623)	(8,366,227)	(5,713,834)
	25,456,688	19,216,313	14,559,550	10,915,386	4,926,233
Equity attributable to					
Owners of the company	23,348,384	17,495,301	13,212,261	9,394,224	4,926,531
Non-controlling interests	2,108,304	1,721,012	1,347,289	1,521,162	(298)
	25,456,688	19,216,313	14,559,550	10,915,386	4,926,233

Summary of Properties

Particulars of the Group's major investment properties and properties under development as at 31 March 2013, are as follows:

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, 2101 and 2012 Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	Office	45,332 (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

Summary of Properties

INVESTMENT PROPERTIES – continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
7.	Ground Floor and 1st Floor 523 Lockhart Road, Causeway Bay, Hong Kong	Commercial	2,050 (G)	–	100
8.	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
9.	Shop 1-4 Lower G/F Yee Fung Building 1A Wong Nai Chung Road Happy Valley Hong Kong	Shops	3,364 (G)	–	100
10.	Ground Floor and 1/F, 4, 6 and 8 Canton Road, Tsimshatsui, Kowloon	Shops	4,328 (G)	–	100
11.	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
12.	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

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
13.	Shops A & B on Ground Floor Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial	14,211 (S)	–	100
14.	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
15.	The Ulfert Centre (formerly known as Golden Castle Industrial Building), 4 Kin Fat Lane Tuen Mun New Territories	Industrial	178,817 (G)	–	100
16.	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
17.	Shops A, B & E, G/F, Hung Hei Mansion, 5-8 Queen's Victoria Road, Central, Hong Kong	Commercial	3,235 (G)	–	100
18.	Shops 1-6, G/F and 1-2/F, 1st and 2nd Advertising Walls, 525 Shanghai Street, Mongkok, Kowloon	Commercial	5,549 (G)	–	100
19.	Unit C, 6/F, CNT Tower Wanchai, Hong Kong	Office	940 (G)	–	100

Summary of Properties

INVESTMENT PROPERTIES – continued

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

Summary of Properties

INVESTMENT PROPERTIES – continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
31.	Shop A & B on G/F, Office A & B on 1/F, Tak Fat Building, 50 – 52 Russell Street, HK	Shops/ Office	3,720 (G)	–	100
32.	Shop on G/F, The Java, 98 Java Road, Hong Kong	Shops	4,435 (G)	–	100
33.	Shops on G/F & 1/F, 18 Upper East, 18-36 Shing On Street, Hong Kong	Shops	11,738 (G)	–	100
34.	Shops on G/F & 1/F, The Prince Place, 396-400 Prince Edward Road West, Kowloon	Shops	6,320 (G)	–	100
35.	G/F, 67 Wellington Street, Hong Kong	Shops	950 (G)	–	100
36.	G/F, 12 Matheson Street, Hong Kong	Shops	812 (G)	–	100
37.	Flat B, G/F, Hon Kwong Mansion, 25-29 Hankow Road & 4 Ichang Street, Kowloon	Shops	800 (G)	–	100
38.	Shop C, G/F, Daily House, 35, 36 & 37 Haiphong Road, Kowloon	Shops	750 (G)	–	100
39.	Shop 33A on G/F and M/F, Tsimshatsui Mansion, 83-97 Nathan Road, 36-50 Lock Road, Kowloon	Shops	800 (G)	–	100

Remarks: (G) – gross floor area

(S) – saleable area

Summary of Properties

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	153,000	Super structure completed	2013	97	100
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	425	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 – 85, Avenida Do Infante D. Henrique 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 consideration cost and the saleable floor area would be split between the parties in equal shares.

Summary of Properties

HOTEL 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.	373 Queen's Road East, Hong Kong	Hotel	7,718	116,000	Foundation works in progress	2016	–	100
2.	60 Portland Street, Kowloon	Hotel	4,053	48,600	Superstructure in progress	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	2016	–	100
2.	180 Connaught Road West, Hong Kong	Residential/ Commercial	18,267	185,000	Superstructure in progress	2015	64	100
3.	Kwun Fat Street, Siu Lam, Tuen Mun, New Territories	Residential	97,091	39,000	Site	2015	–	100