



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

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



ESTABLISHED ON
SOLID FOUNDATION

ANNUAL REPORT
2013/2014



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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
Liu Hing Hung**
Cheng Ka Yu**
Wong Tak Ming, Gary**
* Non-executive Director
** Independent Non-executive Directors

COMPANY SECRETARY

Liu Chui Ying

AUDIT COMMITTEE

Wong Tak Ming, Gary (*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
Wong Tak Ming, Gary

CORPORATE GOVERNANCE COMMITTEE

Fan Man Seung, Vanessa (*Chairperson*)
Liu Hing Hung
Wong Tak Ming, Gary
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)

MUFG Fund Services (Bermuda) Limited (*up to 31 July 2014*)
26 Burnaby Street
Hamilton HM11
Bermuda

Codan Services Limited (*effect from 1 August 2014*)
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

REGISTRAR (IN HONG KONG)

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of China Limited, Macau Branch
Bank of Communications 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 DEPOSITARY BANK

BNY Mellon Shareowner Services
P.O. Box 30170
College Station, TX 77842-3170

KEY DATES

Annual Results Announcement	18 June 2014
Book Close Dates	
– For 2014 AGM	18 August 2014
– For Final Dividend	26 to 27 August 2014
Record Dates	
– For 2014 AGM	18 August 2014
– For Final Dividend	27 August 2014
2014 Annual General Meeting	19 August 2014
Payment of Final Dividend	18 September 2014 (HK\$0.059 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.

FINANCIAL HIGHLIGHTS

For the year ended 31 March

	2014 HK\$'000	2013 HK\$'000	Changes
Revenue			
Lease of properties	639,276	627,032	+2.0%
Properties development	60,005	3,002,849	-98.0%
Hotel and hotel related operations	2,314,616	2,073,584	+11.6%
Total revenue	3,013,897	5,703,465	-47.2%
Gross profit	2,386,757	3,702,506	-35.5%
Revaluation gain on properties	1,385,251	4,599,033	-69.9%
Total segment profit (excluding revaluation gain)	1,494,273	2,885,894	-48.2%

MANAGEMENT DISCUSSION AND ANALYSIS

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

MARKET REVIEW

It was a challenging year during the year ended 31 March 2014 (the “Year”). The U.S. economy continued to improve gradually and signs of stability emerged across major economies in the Eurozone area. Nevertheless, in response to the government housing policies and dampened market sentiment, the Group stayed vigilant over the changing market conditions. Due to the steady growth of disposable income of mainlanders, enhancement of living standard of local residents, low unemployment rate and interest rate, the demand towards luxury residential units in Hong Kong remained relatively stable. In line with the growing number of tourists to Hong Kong, it further stimulated the local retail market and fueled the demand for retail premises, which provided strong support for the upward trend of the rental level in prime shopping areas in Hong Kong.

FINANCIAL REVIEW

Overall Review

During the Year, the Group reported revenue of HK\$3,013.9 million (2013: HK\$5,703.5 million). Driven by solid revenue growth from **Grand Emperor Hotel** in Macau, the hospitality segment achieved 11.6% growth to HK\$2,314.6 million (2013: HK\$2,073.6 million), accounting for 76.8% (2013: 36.4%) of the total revenue. Taking the advantages of the solid rental increment from its quality investment properties, rental income from investment properties still increased slightly by 2.0% to HK\$639.3 million (2013: HK\$627.0 million), taking up 21.2% (2013: 11.0%) of the total revenue, despite the fact that some of the Group’s investment properties were vacated during the Year, pending redevelopment for transformation to create better potential return in the near future. Since the majority of the sales proceeds from residential units had been recognised in the last financial year, revenue from property development during the Year was only HK\$60.0 million (2013: HK\$3,002.8 million), accounting for 2.0% (2013: 52.6%) of the total revenue.

Gross profit was HK\$2,386.8 million (2013: HK\$3,702.5 million). Revaluation gain on properties during the Year decreased to HK\$1,385.3 million (2013: HK\$4,599.0 million). Attributable to its premium investment



MANAGEMENT DISCUSSION AND ANALYSIS

properties with a strong focus on high-end street level retail spaces, the Group is more resilient to the general property market trend in Hong Kong. Due to the fluctuation from the sale of residential units during the Year, the total segment profit excluding the revaluation gain on properties decreased to HK\$1,494.3 million (2013: HK\$2,885.9 million).

Basic and diluted earnings per share were HK\$0.51 (2013: HK\$1.68) and HK\$0.51 (2013: HK\$1.68) respectively. The Group recommended the payment of a final dividend of HK\$0.059 per share (2013: HK\$0.056). Together with the interim dividend of HK\$0.055 per share (2013: HK\$0.053), the total dividend for the Year was HK\$0.114 per share (2013: HK\$0.109).

Liquidity And Financial Resources

The Group owned key property portfolio of over 5 million square feet. As at 31 March 2014, the Group's net asset value and net asset value per share amounted to HK\$24,952.6 million (2013: HK\$23,348.4 million) and HK\$6.80 per share (2013: HK\$6.37) respectively.

The Group has cash, bank balances and bank deposits amounted to HK\$3,194.2 million as at 31 March 2014 (2013: HK\$2,332.5 million). The total external borrowings (excluding payables) amounted to approximately HK\$13,685.9 million (2013: HK\$10,177.3 million) and the Group's debt to total asset ratio was 31.6% (2013: 26.9%) (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 their interest rates followed market rates. The Group's bank balances and cash were also denominated in Hong Kong dollars, Renminbi ("RMB") and Macau Pataca ("MOP"). Since RMB and MOP are relatively stable with minor exchange fluctuations, the Group had limited and immaterial exposure to fluctuations in exchange rates.

The Pulse, Hong Kong (image photo)



MANAGEMENT DISCUSSION AND ANALYSIS



Russell Street, Hong Kong



Nos. 4, 6 and 8 Canton Road, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

During the Year, a total of 5,000,000 share options of the Company were exercised. The number of issued shares of the Company was then increased by 5,000,000. The Company's share capital and share premium account were increased by HK\$50,000 and HK\$9.8 million respectively, and the share option reserve of the Company was reduced by HK\$1.1 million.

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 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**, **No. 81 Nathan Road**, **Shop C, Ground Floor, Nos. 35-37 Haiphong Road** and **Shop B, Ground Floor, Nos. 25-29 Hankow Road** in Tsim Sha Tsui, shopping malls 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 completed the acquisition of **No. 60 Gloucester Road** in Wanchai. Since it is located at one of the highest traffic commercial districts of Hong Kong, such acquisition can further widen the Group's investment properties portfolio, hence increasing the rental revenue base.

At present, **Russell Street**, Causeway Bay, is ranked as the most valuable shopping street in the world, in terms of rental price per square feet per annum. 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. During the Year, **Nos. 22-24 Russell Street** was under redevelopment, pending to be transformed into an upscale streetscape and re-launched in 2015.

The Pulse is a multi-functional beach-front shopping complex with a gross floor area of approximately 167,000 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 under the pre-marketing and pre-leasing stage and the final stage of internal decoration is about to finish soon. It is pending to be launched in 2014.

Macau

In Macau, the demolition work at **Nos. 71-75 Avenida do Infante D. Henrique & Nos. 514-540 Avenida da Praia Grande** was completed. It will be redeveloped into a multi-storey premium retail complex with a 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 2015.

The PRC

In the PRC, foundation and basement excavation work of the site along **Chang'an Avenue East** in Beijing was in progress during the Year. It is planned to be developed into a Grade-A office tower with a gross floor area of approximately

MANAGEMENT DISCUSSION AND ANALYSIS

1,000,000 square feet. The development will 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 in 2016.

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 gross floor 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.

Property Development

Marketing campaigns and promotion activities of the remaining residential units at **Harbour One**, **18 Upper East**, **The Java** and **The Prince Place** were carried on during the Year.

Other projects are in good progress. The site located at **Nos. 179-180 Connaught Road West & No. 345-345A Des Voeux Road West**, Hong Kong, is planned to be redeveloped into a luxury composite retail and residential building with a panoramic view of the Victoria Harbour with a total floor area amounting to approximately 185,000 square feet. The construction work has been going ahead as planned during the Year. The superstructure is expected to be completed in 2014, followed by pre-sale to the market. The entire project is expected to be completed in 2015.

Another site located at **Tuen Mun Town Lot No. 436, Kwun Fat Street, Siu Lam**, Tuen Mun, with a total floor area of approximately 39,000 square feet, will be developed into 14 low-rise detached or semi-detached houses. During the Year, site formation was in progress as planned. The entire project is expected to be completed in 2015.

During the Year, the Group has won the bid of a seaview residential site located at **Tuen Mun Town Lot No. 490, Tai Lam**, Tuen Mun, with a total floor area of approximately 29,000 square feet. This site will be well served by a superb transportation network of Hong Kong–Shenzhen Western Corridor as well as the future Tuen Mun–Chek Lap Kok Link and Hong Kong–Zhuhai–Macau Bridge. It is also in close proximity to Harrow International School Hong Kong, the Hong Kong branch of the prestigious Harrow School based in the United Kingdom. It will be developed into 10 low-rise detached or semi-detached houses with target completion in 2017.

Hotel Operations and Related Services

During the Year, this segment 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 gaming had been consolidated with the Group.

Hotel Project at No. 373 Queen's Road East,
Hong Kong (image photo)



MANAGEMENT DISCUSSION AND ANALYSIS

Grand Emperor Hotel, Macau



MANAGEMENT DISCUSSION AND ANALYSIS

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. During the Year, **Golden Valley**, a restaurant featuring authentic Cantonese and Sichuan cuisine in this hotel, was rated as Michelin one-star restaurant for the fourth consecutive year in "Michelin Guide Hong Kong Macau 2014", an international benchmark for gourmet dining.

The foundation work of the site located at **No. 373 Queen's Road East**, Wanchai, with a gross floor area of approximately 115,000 square feet, was in progress during the Year. It will be built as a 29-storey hotel with about 300 rooms with leisure, dining and parking facilities with target completion in 2016. Meanwhile, the construction work of the site located **Nos. 54-60 Portland Street**, Kowloon, with a gross floor area of approximately 48,000 square feet, continued 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.

During the Year, the Group completed the acquisition of **Best Western Hotel Taipa**, Macau. Located at Estrada Governador Nobre De Carvalho Nos. 812-848 Taipa Macau, it is a 17-storey 3-stars hotel with total gross floor area of 209,000 square feet and 262 guest rooms. With the expansion of guest rooms capacity, the Group can capture the potential of hospitality market in Macau.

OUTLOOK

Supported by the favourable consumption sentiment and overwhelming market demand at the key tourist areas, the Group believes that the growth of rental revenue will maintain solid and such rental income will continue to be the key revenue growth driver in the long-run. The upcoming of the retail complex "**The Pulse**", the grand shopping mall located at **Avenida do Infante D. Henrique**, Macau and the completion of renovation and upgrading of the office tower located at **No. 60 Gloucester Road**, Wanchai will further enhance its leading position in the investment property market. **Nos. 22-24 Russell Street** in Causeway Bay is pending to be transformed and re-launched in 2015. Such transformation will once again demonstrate the Group's successful story on value creation and further enhancement of the intrinsic value of the existing investment properties portfolio, resulting from conversion and upgrading of tenancy class.

The Group is building a steady development projects pipeline for providing long-term contribution on the sale of residential units. Looking ahead, 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 that the various upcoming residential development projects will generate substantial income in the near future. Although the residential property market will continue to be impacted by macro-economic factors and local housing policies, the Group is confident towards its property development portfolio because of its prime location and luxury residential positioning.

Attributable to the growth of market demand for hotel accommodation of business travelers and tourists, the Group further expands 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.

With the support of the increasing number of visitors arrival to Macau, the recent acquisition of the **Best Western Hotel Taipa** can offer a good opportunity to capture the market potential, broaden its asset and earnings base.

The Group continues to be cautious in seeking investment opportunities to enhance 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.



Appreciation Gathering for Real Estate Partners, January 2014

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\$570.1 million during the Year (2013: HK\$547.2 million). The number of staff was 1,674 as at the end of the Year (2013: 1,566). Employees’ remuneration was determined in accordance with individual’s responsibility, competence and skills, experience and performance as well as market pay level. Staff benefits include medical and life insurance, retirement benefits and other competitive fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 9 September 2003 (the “Old Share Option Scheme”). The Old Share Option Scheme lapsed automatically during the Year upon the expiry of the 10-year period. During the Year, the Company adopted a new share option scheme on 15 August 2013 in view of the expiration of the Old Share Option Scheme. Other relevant details of both schemes will be set out in the section headed “Share Options” of the annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

ASSETS PLEDGED

As at 31 March 2014, assets with carrying value of HK\$33,786.5 million (2013: HK\$27,052.2 million) were pledged as security for banking facilities.

CORPORATE SOCIAL RESPONSIBILITY

Staff volunteers joined hands with others from the subsidiaries of Emperor Group and made home visits, with Dragon Boat Festival rice dumplings, to more than 70 elderlies from the service network of St. James' Settlement in June 2013. Later in September, the Group's staff once again participated in the yearly outbound volunteering activity organised by Emperor Foundation and went on a 50-people tour to Haerbin, Heilongjiang Province, where they celebrated Mid-Autumn Festival with empty-nested elderly people in a community centre.

Backing up Emperor Group's title sponsorship to "Emperor Charity Night Run", a debuting charity event of Will in Action in November, the Group mobilised tens of staff members to participate in the running competition. It subsequently worked with its long-time partner Society for the Promotion of Hospice Care again on the NGO's annual fund raising event Hike for Hospice, of which the Group was a Gold Sponsor. More than 10 staff members and their families or friends formed teams and took part in the hiking contest in March 2014.

The Group was awarded with the 10 Years Plus Caring Company Logo in recognition of its continuous commitment to fulfill its corporate social responsibilities.



Hike for Hospice 2014



BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

NON-EXECUTIVE DIRECTOR (CHAIRPERSON)

LUK SIU MAN, SEMON, aged 58, the Chairperson of the Company. She joined the Company in June 1999. 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. She graduated from The University of Toronto with a Bachelor’s Degree in Commerce.

EXECUTIVE DIRECTORS AND MANAGING DIRECTORS

WONG CHI FAI, aged 58, the Managing Director of the Company and a director of certain subsidiaries of the Company. Mr. Wong joined the Company in 1991. He has been responsible for the Group’s strategic planning, business growth and development and overseeing the financial management of the Group. He is also a member of the Remuneration Committee of the Company and 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, financial and securities services, entertainment as well as media. Mr. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

FAN MAN SEUNG, VANESSA, aged 51, the Managing Director of the Company and a director of certain subsidiaries of the Company. Ms. Fan joined the Company in 1990. She has been responsible for the Group’s strategic planning, business growth and development as well as overseeing different functions within the Group. Ms. Fan is also the Chairperson of the Corporate Governance Committee and a member of the Nomination Committee of the Company and 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. Having over 25 years of corporate management experience, she possesses diversified experience in different businesses ranging from property investment and development, hotel and hospitality, financial and securities services, retailing of watch and jewellery, entertainment as well as media. She is a lawyer by profession in Hong Kong and a qualified accountant, and holds a Master’s Degree in Business Administration.

EXECUTIVE DIRECTOR

CHEUNG PING KEUNG, aged 58, 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. During the period from 1997 to 2005, Mr. Cheung was an executive director of Henderson Investment Limited (Stock Code: 97). He has over 38 years of experience in professional general practice surveying as well as property development and marketing in Hong Kong, Macau, Mainland China and Canada. 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.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

INDEPENDENT NON-EXECUTIVE DIRECTORS

LIU HING HUNG, aged 50, 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. 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). Mr. Liu holds a Master's Degree in Business Administration. He is a fellow member 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.

CHENG KA YU, aged 41, 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. She has been admitted as a solicitor in Hong Kong since 1998 and is now a Partner of P.C. Woo & Co., Solicitors. Ms. Cheng graduated from the University of Hong Kong with a Bachelor's Degree in Laws in 1995.

WONG TAK MING, GARY, aged 38, was appointed as Independent Non-executive Director of the Company in August 2013. He is the Chairman of the Audit Committee as well as a member of the Nomination Committee and Corporate Governance Committee of the Company. He now runs a professional accountancy firm in Hong Kong and has over 10 years of experience in the field of auditing and accounting. Mr. Wong is also an independent non-executive director of Century Legend (Holdings) Limited (Stock Code: 79), a listed company on the Main Board of the Stock Exchange. Mr. Wong is a certified public accountant (practising) and a member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants and The Taxation Institute of Hong Kong.

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 profit or loss and other comprehensive income on page 43. 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\$0.055 per share for the Year (2012/2013: HK\$0.053 per share), amounting to approximately HK\$201.7 million (2012/2013: HK\$194.3 million), was paid to the shareholders of the Company ("Shareholders") during the Year.

The Directors recommended the payment of a final dividend of HK\$0.059 per share (2013: HK\$0.056 per share) for the Year, amounting to approximately HK\$216.6 million (2013: HK\$205.3 million) to those shareholders whose names appear on the register of members on 27 August 2014 (Wednesday) subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 19 August 2014 (Tuesday) ("2014 AGM").

INVESTMENT PROPERTIES

During the Year, the Group acquired investment properties at a cost of approximately HK\$2,180,913,000 and incurred costs of approximately HK\$194,761,000 to investment property under development.

As at 31 March 2014, the Group revalued all of its investment properties on an open market value basis. The increase in fair value amounting to approximately HK\$1,385,251,000 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 2014 is set out on pages 123 to 128.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK\$452,948,000 and incurred costs of approximately HK\$98,783,000 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 36 to the consolidated financial statements.

DIRECTORS' REPORT

RESERVES

Details of movements in the reserves of the Group during the Year are set out on pages 46 and 47.

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 2014 represented the aggregate of contributed surplus and accumulated profits amounting to HK\$4,305,911,000 (2013: HK\$4,714,850,000).

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. Liu Hing Hung

Ms. Cheng Ka Yu

Mr. Wong Tak Ming, Gary (*Elected on 8 August 2013*)

Mr. Chan Man Hon, Eric (*Retired on 8 August 2013*)

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 but can offer himself/herself for re-election at the relevant annual general meeting.

In accordance with Bye-laws 87(1) and 87(2) of the Company's Bye-laws, Mr. Wong Chi Fai ("Mr. Bryan Wong"), Mr. Cheung Ping Keung and Ms. Cheng Ka Yu will retire by rotation at the 2014 AGM and, being eligible, offer themselves for re-election.

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 and is renewable automatically for successive terms of one year until being terminated by notice in writing served by either party.

None of the Directors proposed for re-election at the 2014 AGM has an unexpired 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 2014, 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. Luk Siu Man, Semon ("Ms. Semon Luk")	Interest of spouse	2,747,610,489 (Note 1)	74.83%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan")	Beneficial Owner	5,000,000	0.14%

(ii) Share options

Name of Director	Capacity/ Nature of interests	Number of underlying Shares held	Approximate % holding
Mr. Bryan Wong	Beneficial owner	10,769,475 (Note 2)	0.29%
Ms. Vanessa Fan	Beneficial owner	5,769,475 (Note 2)	0.16%

Notes:

- These 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.
- These share options were granted to Directors under the share option scheme of the Company adopted on 9 September 2003.

DIRECTORS' REPORT

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

(b) Long position interests in ordinary shares of associated corporations

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	812,632,845	62.39%
	Emperor W&J	Interest of spouse	3,617,860,000	52.57%
	Emperor Capital Group Limited ("Emperor Capital Group")	Interest of spouse	1,773,516,907	67.44%
	New Media Group	Interest of spouse	647,950,000	74.99%

Note:

Emperor E Hotel, Emperor W&J, Emperor Capital Group and New Media Group are companies with their shares listed on the Stock Exchange. These respective shares were ultimately 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 these shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same shares.

Save as disclosed above, as at 31 March 2014, 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).

SHARE OPTIONS

The share option scheme adopted by the Company on 9 September 2003 ("Old Share Option Scheme") has lapsed automatically during the Year upon the expiry of the 10-year period. Following the expiry of the Old Share Option Scheme, no further share options can be granted thereunder but outstanding share options granted under the Old Share Option Scheme shall continue to be valid and exercisable.

In order to ensure the continuity of a share option scheme for the Company to provide incentives or rewards to participants including the Directors and eligible employees of the Group, the Shareholders passed an ordinary resolution at the annual general meeting of the Company held on 8 August 2013 ("2013 AGM") to approve the adoption of a new share option scheme. No share options were granted thereunder.

DIRECTORS' REPORT

SHARE OPTIONS – continued

Details of outstanding share options under the Old Share Option Scheme and their movements during the Year are set out below:

Name of grantee	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options		
				Outstanding as at 1 April 2013	Exercised during the Year	Outstanding as at 31 March 2014
Director						
Mr. Bryan Wong	11 August 2005	11 August 2005 to 10 August 2015	1.746	10,769,475	–	10,769,475
Ms. Vanessa Fan	11 August 2005	11 August 2005 to 10 August 2015	1.746	10,769,475	(5,000,000)	5,769,475
				21,538,950	(5,000,000)	16,538,950

During the Year, no option was granted, lapsed nor cancelled under the Old Share Option 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 2014, 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 Shares held	Approximate % holding
AY Holdings	Interest in a controlled corporation	2,747,610,489	74.83%
STC International	Trustee of the AY Trust	2,747,610,489	74.83%
Dr. Albert Yeung	Founder of AY Trust	2,747,610,489	74.83%

Note: These Shares were the same shares as those held by Ms. Semon Luk set out under Section (a)(i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

All interests stated above represent long positions. As at 31 March 2014, no short positions were recorded in the SFO Register of the Company.

Save as disclosed above, as at 31 March 2014, 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' REPORT

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2014, 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, her associate	Certain subsidiaries of the AY Trust of which Dr. Albert Yeung, associate of Ms. 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. Bryan Wong 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 2014, 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 Transactions

Disposal of entire interests and shareholder's loan in Prosper Gold Investment Limited ("Prosper Gold")

On 13 September 2013, EIL Management Services Limited ("EILMSL"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Mr. Gilbert Yeung for the disposal of 100 ordinary shares in Prosper Gold, representing the entire issued share capital of Prosper Gold, and the entire amount of shareholder's loan due by Prosper Gold to EILMSL to Mr. Gilbert Yeung at an aggregate consideration of HK\$11 million. Prosper Gold is the registered owner of a sailing yacht and the related accessories.

EILMSL was indirectly owned as to 74.93% by the AY Trust as at the date of the agreement. Mr. Gilbert Yeung is one of the eligible beneficiaries of the AY Trust and hence a connected person of the Company. Ms. Semon Luk is deemed to have interest in the above agreement by virtue of being a close family member of Mr. Gilbert Yeung.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
Companies under 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	1,265
(3)	Beauty Royal (note 1)	28 March 2013	Shops G03-05, G/F, EGC	1 April 2013 – 31 March 2016	6,600
(4a)	Beauty Royal (note 1)	16 December 2011	Unit 1505, 15/F, EGC	1 January 2012 – 31 December 2013	224
(4b)	Beauty Royal (note 1)	31 December 2013	Unit 1505, 15/F, EGC	1 January 2014 – 31 March 2016	86
(5)	Beauty Royal (note 1)	28 March 2013	The whole of 25/F & Car Parking Space No. 27, B2/F, EGC	1 April 2013 – 31 March 2016	3,480
(6)	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
(7)	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
(8)	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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
(9)	Beauty Royal <i>(note 1)</i>	30 June 2011	G/F and 1/F, 24 Russell Street, Causeway Bay, Hong Kong	19 October 2011 – 9 July 2014 (Early termination on 15 May 2013)	3,430
(10)	Beauty Royal <i>(note 1)</i>	29 November 2011	The signboard on external wall, 22-24 Russell Street, Causeway Bay, Hong Kong	1 December 2011 – 30 November 2013 (Early termination on 15 May 2013)	104
(11)	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
(12)	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
(13)	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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
(14)	Beauty Royal <i>(note 1)</i>	15 December 2011	G/F and 1/F, Tenement A & B on 3/F, Portion A of Tenement A on 4/F and roof, 4-8 Canton Road, Kowloon, Hong Kong together with a right to use four outdoor advertising signs on the external walls to the building	4 January 2012 – 3 January 2015	63,445
(15a)	Beauty Royal <i>(note 1)</i>	30 January 2013	Projected signage of 4-8 Canton Road, Kowloon Hong Kong	February, August, October and December 2013	1,680
(15b)	Beauty Royal <i>(note 1)</i>	29 January 2014	Projected signage of 4-8 Canton Road, Kowloon Hong Kong	February, August, October and December 2014	522
(15c)	Beauty Royal <i>(note 1)</i>	28 February 2014	Projected signage of 4-8 Canton Road, Kowloon Hong Kong	March, April and June 2014	540
(16)	EWJ Watch and Jewellery (Macau) Limited (formerly known as EWJ Watch and Jewellery Company Limited) ("EWJ Macau") <i>(note 1)</i>	30 June 2011	EM Macau, Avenida De Infante D., Henrique NoS 67-69, Res-Do-Chao B & EM Macau, Rua Dr., Pedro Jose Lobo No 5, Res-Do-Chao C2, Macau	1 July 2011 – 30 June 2014	4,131
(17)	EWJ Macau <i>(note 1)</i>	30 June 2011	EM Macau, Avenida De Infante D., Henrique No 65-A, lo Andar B, Macau	1 August 2011 – 30 June 2014	85
(18)	EWJ Macau <i>(note 1)</i>	28 March 2012	Shop 1-4, G/F Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1 April 2012 – 30 March 2015	4,128
(19)	EWJ Macau <i>(note 1)</i>	28 June 2011	Shop 5, G/F Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1 July 2011 – 30 June 2014	1,768

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
Companies under Emperor Capital Group					
(20)	Profit Broad Development Limited ("Profit Broad") (note 2)	31 August 2011	Unit 603, 6/F, EGC	15 October 2011 – 14 September 2013	98
(21)	Profit Broad (note 2)	20 December 2012	Unit 604, 6/F, EGC	1 January 2013 – 31 December 2014	647
(22)	Profit Broad (note 2)	31 August 2011	Unit 606, 6/F, EGC	15 September 2011 – 14 September 2013	176
(23)	Profit Broad (note 2)	31 August 2011	Unit 2006, 20/F, EGC	15 September 2011 – 14 September 2013	202
(24)	Profit Broad (note 2)	28 February 2011	24/F, EGC	1 April 2011 – 31 March 2014	3,080
Other companies under AY Trust					
(25)	Emperor Entertainment (Hong Kong) Limited (note 3)	28 March 2013	27/F, EGC	1 April 2013 – 31 March 2016	3,624
(26)	Success Dimension Limited (note 3)	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
(27)	Emperor Motion Picture (Hong Kong) Limited ("EMP (HK)") (note 3)	27 December 2012	Unit 802, 8/F & Units 901-902, 9/F, EGC (Unit 802 was surrendered on 1 August 2013)	1 February 2013 – 31 March 2015	1,081
(28)	EMP (HK) (note 3)	3 July 2013	Unit 903, EGC	3 July 2013 – 30 June 2016	214

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
(29)	EMP (HK) <i>(note 3)</i>	29 November 2013	Unit 2001, EGC	1 December 2013 – 30 June 2016	233
(30)	EMP (HK) <i>(note 3)</i>	19 June 2012	Unit 2007, 20/F, EGC	20 June 2012 – 19 June 2015 (Early terminated on 30 November 2013)	311
(31)	Emperor Agency Limited ("Emperor Agency") <i>(note 3)</i>	28 March 2013	Unit 601, 6/F, EGC	1 April 2013 – 31 March 2015	702
(32)	Emperor Agency <i>(note 3)</i>	2 April 2012	Unit 801, 8/F, EGC	1 April 2012 – 31 March 2014	702
(33)	Emperor Agency <i>(note 3)</i>	27 December 2012	Unit 1701, 17/F, EGC	1 January 2013 – 31 March 2015	740
(34)	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
(35)	Emperor Agency <i>(note 3)</i>	30 September 2011	Unit 1702, 17/F, EGC	3 October 2011 – 30 November 2013	194
(36)	Emperor Agency <i>(note 3)</i>	30 September 2011	Units 1703-1707, 17/F, EGC	1 December 2011 – 30 November 2013	1,227
(37)	Emperor Agency <i>(note 3)</i>	29 November 2013	Units 1702-1707, 17/F, EGC	1 December 2013 – 31 March 2015	868
(38)	Emperor Agency <i>(note 3)</i>	28 March 2013	Unit 2101, EGC	20 April 2013 – 31 May 2015	745
(39)	Emperor Agency <i>(note 3)</i>	28 March 2013	Unit 2102, EGC	1 June 2013 – 31 May 2015	297

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

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)
(40)	Emperor Bullion Investments (Asia) Limited (note 3)	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
(41)	Wealthy House Limited (note 3)	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), Wei King Building, 275 Chatham Road North, Hung Hom, Kowloon, Hong Kong	1 April 2012 – 31 March 2015	3,762
(42)	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
(43)	Ulferts of Sweden (Far East) Limited (note 3)	2 April 2012	Units 1206-7, 12/F, EGC	1 April 2012 – 31 March 2014	918

Notes:

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

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

Continuing Connected Transactions – continued

B. Accommodation Contract 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 2014 was approximately HK\$9,072,000. The Accommodation Contract was subsequently renewed on 1 April 2014.

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

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

Date of agreement

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 2014

During the Year, the Group's net receipt under the agreement amount to HK\$1,919,403,000.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS – continued

Compliance with Disclosure Requirements

Save as disclosed in “Rental income from related companies” in the amount of HK\$275,678,000 for the Year as shown in note 46(a) and the transactions as shown in note 46(c) and (e) 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 notes 46 and 30 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 an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group (“Disclosed CCTs”) on pages 21 to 27 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.

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:

- (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 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.

DIRECTORS' REPORT

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 qualifications, experience, responsibilities, performance, competence and skills displayed, market comparables and the economic performance of the Group.

Remuneration package includes basic salaries, Directors' fees, housing allowances, contribution to pension schemes, discretionary bonus relating to the profit of the Group and individual performance, ad hoc rewards, share-based payments and other competitive fringe benefits such as medical and life insurances. To provide incentive to the eligible participants (including Directors and employees), the remuneration package has been extended to include share options granted under the share option schemes adopted by the Company, details of which are set out in note 37 to the consolidated financial statements. Details of the emoluments of the Directors and the five highest paid individuals of 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\$1,463,000.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented 79% of the Group's total revenue. The largest customer accounted for 68% 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 18% of the Group's total purchases and services received. The largest supplier accounted for 11% 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.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 31 to 40.

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 2014 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
18 June 2014

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

THE BOARD

Board Composition

As at 31 March 2014, the Board comprised seven Directors, with one Non-executive Director who is also the Chairperson of the Company, three Executive Directors and three INEDs. 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 13 to 14 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. Fan Man Seung, Vanessa 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 INEDs are all professionals with valuable experience and expertise in legal, accounting or auditing in business areas who contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them has been appointed for an initial term of one year and shall continue thereafter on a yearly basis subject to early termination with written notice being served by either party, the term of the INEDs are also subject to retirement by rotation and re-election provision under the Bye-Laws of the Company.

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

THE BOARD – continued

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
- 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 and issue of new securities 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 equity/business interest 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 enable the 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 CG Code 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 has provided a record of training to the Company.

Name of Directors

Areas on training covered ^(Notes)

Ms. Luk Siu Man, Semon	(a) and (b)
Mr. Wong Chi Fai	(a), (b), (c) and (d)
Ms. Fan Man Seung, Vanessa	(a), (b), (c) and (d)
Mr. Cheung Ping Keung	(a), (b) and (d)
Mr. Liu Hing Hung	(a), (b) and (c)
Ms. Cheng Ka Yu	(a), (b) and (d)
Mr. Wong Tak Ming, Gary	(a), (b) and (c)

Notes:

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

CORPORATE GOVERNANCE REPORT

THE BOARD – continued

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 the Directors at the meetings during the Year is set out below:

Name of Directors	Meetings attended/held					2013 AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	
<i>Non-executive Director</i>						
Ms. Luk Siu Man, Semon	10/10	N/A	N/A	N/A	N/A	1/1
<i>Executive Directors</i>						
Mr. Wong Chi Fai	10/10	N/A	1/1	N/A	N/A	1/1
Ms. Fan Man Seung, Vanessa (Note 1)	10/10	N/A	N/A	1/1	1/1	1/1
Mr. Cheung Ping Keung	10/10	N/A	N/A	N/A	N/A	1/1
<i>Independent Non-executive Directors</i>						
Mr. Liu Hing Hung (Note 2)	10/10	3/3	1/1	N/A	1/1	1/1
Ms. Cheng Ka Yu (Note 3)	10/10	3/3	1/1	1/1	N/A	1/1
Mr. Wong Tak Ming, Gary (Notes 4 and 5)	7/7	2/2	N/A	N/A	N/A	N/A
Mr. Chan Man Hon, Eric (Note 6)	3/3	1/1	N/A	1/1	1/1	1/1
Total number of meetings held	10	3	1	1	1	1

Notes:

1. Chairperson of Corporate Governance Committee
2. Chairman of Remuneration Committee
3. Chairperson of Nomination Committee
4. Chairman of Audit Committee
5. Mr. Wong Tak Ming, Gary was elected as Director in the 2013 AGM and was appointed as the chairman of the Audit Committee as well as a member of the Nomination Committee and the Corporate Governance Committee on the same date.
6. Mr. Chan Man Hon, Eric retired as Director in the 2013 AGM and automatically ceased to act as the chairman of the Audit Committee as well as a member of the Nomination Committee and the Corporate Governance Committee on the same date.

Upon reviewing (a) the annual confirmation on time commitment given by each Director; (b) the directorships and major commitments of each Director; and (c) 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.

CORPORATE GOVERNANCE REPORT

THE BOARD – continued

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. Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least 3 days before each regular Board meeting and Board Committee meeting to enable the Directors to make informed decision.

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 has a material interest and he/she shall not be counted in the quorum present at the Board meeting.

Board Committees

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. Wong Tak Ming, Gary (Chairman of the Committee since 8 August 2013), Mr. Liu Hing Hung and Ms. Cheng Ka Yu.

The specific written terms of reference of the Audit Committee 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.

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 2013 and the interim financial statements for the six months ended 30 September 2013;
- ii. reviewed with senior management and finance-in-charge the effectiveness of the internal control system of the Group;

CORPORATE GOVERNANCE REPORT

THE BOARD – continued

Board Committees – continued

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

- iii. annual review of the non-exempt continuing connected transactions of the Group for the year ended 31 March 2013;
- iv. approved the audit plan for the financial year ended 31 March 2014, reviewed the independence of the external auditor and approved the engagement of external auditor; and
- v. 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) and Ms. Cheng Ka Yu, both being INEDs, and Mr. Bryan Wong, being the Managing Director.

The specific written terms of reference of the Remuneration Committee is available on the Company's website. The Remuneration Committee is primarily responsible for 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 held 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 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. Wong Tak Ming, Gary, 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.

In June 2013, on the recommendation of the Nomination Committee, the Board re-adopted the specific written terms of reference of the Nomination Committee in light of the amendments of the Listing Rules and the same is available on the Company's website.

The primary duties of the Nomination Committee are (a) reviewing the structure, size and diversity of the Board; (b) determining the policy for the nomination of Directors and identifying potential candidates for directorship; (c) assessing the independence of INEDs; (d) reviewing the time commitment of each Director; (e) reviewing the Board Diversity Policy; and (f) 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 held one meeting during the Year.

CORPORATE GOVERNANCE REPORT

THE BOARD – continued

Board Committees – continued

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

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

- i. reviewed structure, size and diversity of the Board;
- ii. recommended the Board to adopt the Board Diversity Policy and the revised terms of reference of the Nomination Committee;
- iii. reviewed the independence of INEDs; and
- iv. recommended to the Board the nomination of Directors for election and re-election at the 2013 AGM.

As adopted by the Board, the Board Diversity Policy aims to achieve diversity on Board in the broadest sense in order to have a balance of skills, experience and diversity of perspectives appropriate to the business nature of the Company. Selection of candidates on the Board is based on a range of diversity perspectives, including gender, age, length of service, professional qualification and experience. The Nomination Committee will also assess the merits and contribution of any Director proposed for re-election or any candidate nominated to be appointed as Director and against the objective criteria, with due regard for the benefits of diversity on the Board that would complement the existing Board.

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. Wong Tak Ming, Gary 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 applicable to Directors and relevant employees of the Group; and (d) reviewing the Company's compliance with the CG Code and disclosure in this Report. The Corporate Governance Committee held one meeting during the Year.

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

- i. reviewed the Corporate Governance Policy;
- ii. reviewed the training and continuous professional development of Directors;
- 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 of the Group; and
- v. reviewed the Company's compliance with the CG Code and disclosure in Corporate Governance Report.

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 consolidated financial statements 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.

INTERNAL CONTROLS

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group's internal control system. Such 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 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 the 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.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROLS – continued

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

- i. Monthly updates on key financial information are provided to the Board, which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details and ensure the Board can review monthly financial results of the operations;
- ii. 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;
- iii. the policies and practices on compliance with legal and regulatory requirements which shall be reviewed and monitored regularly by the Corporate Governance Committee;
- iv. 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
- v. 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 the Company has been maintaining a sound and effective internal controls to safeguard Shareholders' investment and the Company's assets.

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: (a) 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; (b) 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; (c) the availability of latest information of the Group in the Company's website at www.EmperorInt.com.; and (d) the holding of press conference(s) from time to time.

There is regular dialogue with institutional Shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website to raise enquiries through our Investor Relations Department whose contact details are available on the Company's website and the "Corporate Information and Key Dates" section 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, the 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 the Shareholders.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS – continued

Separate resolutions are proposed at the general meetings for such substantial issues, including the re-election of retiring Directors. The Company's notice to the Shareholders for the 2013 AGM was sent to Shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to the Shareholders at least 10 clear business days before the meetings.

The Chairperson and the chairman/members of the Audit Committee and the Remuneration Committee and the external auditor were available at the 2013 AGM to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during such meeting.

SHAREHOLDERS' RIGHTS

Set out below is a summary of certain rights of the Shareholders as required to be disclosed pursuant to the CG 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 (a) must state the object(s) of the meeting, and (b) 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 the 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.

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 the 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 the 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.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS – continued

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 the "Corporate Information and Key Dates" section 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 effectiveness of the audit process of the consolidated financial statements in accordance with applicable standards. 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 2014 AGM. During the Year, Messrs. Deloitte Touche Tohmatsu, has rendered audit services and certain non-audit services to the Group and the remuneration paid/payable to it by the Group is set out as follows:

Service rendered	Fees paid/payable HK\$'000
Audit services	6,750
Non-audit services	500
– 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 43 to 121, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other 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 predecessor Hong Kong Companies Ordinance, Cap. 32, 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 2014 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 predecessor Hong Kong Companies Ordinance, Cap.32.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Revenue	7	3,013,897	5,703,465
Cost of properties sales		(24,982)	(1,432,388)
Cost of hotel and hotel related operations		(567,789)	(534,863)
Direct operating expenses in respect of leasing of properties		(34,369)	(33,708)
Gross profit		2,386,757	3,702,506
Other income		123,394	66,643
Fair value changes in properties		1,385,251	4,599,033
Other gains and losses	9	2,884	3,294
Selling and marketing expenses		(602,272)	(628,206)
Administrative expenses		(422,745)	(345,581)
Finance costs	10	(218,151)	(210,447)
Share of results of an associate	19	–	(7)
Profit before taxation	11	2,655,118	7,187,235
Taxation	13	(265,688)	(560,765)
Profit for the year		2,389,430	6,626,470
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign subsidiaries		73,743	10,305
Total comprehensive income for the year		2,463,173	6,636,775
Profit for the year attributable to:			
Owners of the Company		1,858,140	6,156,029
Non-controlling interests		531,290	470,441
		2,389,430	6,626,470
Total comprehensive income for the year attributable to:			
Owners of the Company		1,931,444	6,166,316
Non-controlling interests		531,729	470,459
		2,463,173	6,636,775
Earnings per share			
Basic	15	HK\$0.51	HK\$1.68
Diluted		HK\$0.51	HK\$1.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Investment properties	16	33,140,675	29,357,827
Property, plant and equipment	17	3,088,093	2,698,992
Deposits paid for acquisition of investment properties/property, plant and equipment		6,399	104,482
Receivables related to a development project		187,244	183,877
Prepaid lease payments	18	644,578	301,278
Interest in an associate	19	–	–
Goodwill	21	56,683	56,683
Other assets	22	4,092	4,092
		37,127,764	32,707,231
Current assets			
Inventories	23	14,262	14,179
Properties held for sale	24	210,393	234,438
Properties under development for sale	25	2,148,806	1,804,664
Prepaid lease payments	18	18,702	8,568
Trade and other receivables	26	577,622	677,432
Investments in trading securities	27	–	1
Derivative financial instruments	32	–	7,477
Taxation recoverable		10,490	2,344
Deposit in designated bank account for development properties	20	11,685	14,801
Pledged bank deposits	28	2,414,396	300
Short-term bank deposits	28	15,066	22,244
Bank balances and cash	28	764,769	2,309,974
		6,186,191	5,096,422

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Current liabilities			
Trade and other payables	29	926,167	1,021,068
Amount due to a related company	30	424,257	398,590
Amounts due to non-controlling interests of subsidiaries	31	188,566	232,031
Derivative financial instruments	32	8,496	2,062
Taxation payable		384,536	492,422
Bank and other borrowings – due within one year	34	2,085,713	812,841
		4,017,735	2,959,014
Net current assets			
		2,168,456	2,137,408
Total assets less current liabilities			
		39,296,220	34,844,639
Non-current liabilities			
Amount due to a related company	30	3,041,701	3,317,390
Unsecured notes	33	850,717	–
Derivative financial instruments	32	15,141	24,276
Bank and other borrowings – due after one year	34	7,094,984	5,416,407
Deferred taxation	35	759,891	629,878
		11,762,434	9,387,951
		27,533,786	25,456,688
Capital and reserves			
Share capital	36	36,718	36,668
Reserves		24,915,862	23,311,716
Equity attributable to the owners of the Company		24,952,580	23,348,384
Non-controlling interests	38	2,581,206	2,108,304
		27,533,786	25,456,688

The consolidated financial statements on pages 43 to 121 were approved and authorised for issue by the Board of Directors on 18 June 2014 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 2014

	Attributable to owners of the Company									Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Share option reserve	Asset revaluation reserve	Other reserve	Accumulated profits	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
	(Note)										
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	
Profit for the year	-	-	-	-	-	-	6,156,029	6,156,029	470,441	6,626,470	
Exchange differences arising on translation of foreign subsidiaries	-	-	10,287	-	-	-	-	10,287	18	10,305	
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 interests in subsidiaries (note 39(ii)&(iii))	-	-	-	-	-	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 30)	-	-	-	-	-	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	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK\$'000	2013 HK\$'000
Cash flows from operating activities		
Profit before taxation	2,655,118	7,187,235
Adjustments for:		
Interest income	(63,592)	(23,866)
Interest expenses	207,970	206,868
Release of prepaid lease payments	8,866	8,568
Depreciation of property, plant and equipment	160,549	135,887
Share of result of an associate	–	7
(Gain) loss on disposal of property, plant and equipment	(8,852)	427
Loss on disposal of other assets	–	150
Reversal of write-downs of properties under development for sale	(508)	(280)
Increase in the fair value of properties	(1,385,251)	(4,599,033)
Unrealised fair value changes of derivative financial instruments and trading securities	(2,375)	(3,014)
Allowance for doubtful debts	4,306	19,231
Operating cash flows before movements in working capital	1,576,231	2,932,180
Increase in inventories	(83)	(1,035)
Decrease (increase) in properties held for sale	24,045	(139,847)
(Increase) decrease in properties under development for sale	(308,510)	1,015,139
Decrease in trade and other receivables	138,196	123,110
Decrease in trade and other payables	(49,189)	(1,128,272)
Changes of derivative financial instruments	7,152	(1,031)
Cash generated from operations	1,387,842	2,800,244
Income tax paid		
– in Hong Kong	(252,493)	(32,968)
– in the People's Republic of China (the "PRC")	(4,413)	(42,999)
– in Macau	–	(32)
Net cash from operating activities	1,130,936	2,724,245

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	NOTE	2014 HK\$'000	2013 HK\$'000
Cash flows from investing activities			
Withdrawal of short-term bank deposits		326,001	691,019
Proceeds from disposal of investment properties		39,757	–
Interest received		31,394	23,866
Proceeds from disposal of property, plant and equipment		11,090	24
Withdrawal of deposit in designated bank account for development properties		3,116	41,216
Withdrawal of pledged bank deposits		1,178	–
Placement of pledged bank deposits		(2,415,274)	–
Acquisition of investment properties and costs incurred for investment properties under development		(2,341,108)	(2,486,267)
Acquisition of property, plant and equipment		(488,054)	(281,437)
Acquisition of prepaid lease payments		(362,300)	–
Placement of short-term bank deposits		(318,823)	(211,340)
Deposits made on acquisition of investment properties/properties, plant and equipment		(6,399)	(186,482)
Proceeds from disposal of other assets		–	200
Repayment from an associate		–	436
Proceeds from disposal of asset classified as held for sale		–	1,450,000
Net cash used in investing activities		(5,519,422)	(958,765)
Cash flows from financing activities			
Bank and other loans raised		6,132,300	7,125,500
Advances from a related company		948,702	830,252
Issuance of unsecured notes		850,611	–
Drawn down of bank overdraft		407,887	–
Proceeds from issue of shares of Emperor Entertainment Hotel Limited (“Emperor E Hotel”)		22,000	–
Proceeds from issue of shares		8,729	–
Repayments of bank borrowings		(3,588,738)	(7,256,079)
Repayments to a related company		(1,200,822)	(781,683)
Dividends paid to owners of the Company		(407,287)	(385,011)
Interest paid		(216,342)	(198,828)
Dividends paid to non-controlling interests of subsidiaries		(64,009)	(55,078)
Repayments to non-controlling interests of subsidiaries		(43,465)	(28,939)
Acquisition of additional interests in subsidiaries	39	(9,994)	(21,837)
Net cash from (used in) financing activities		2,839,572	(771,703)
Net (decrease) increase in cash and cash equivalents		(1,548,914)	993,777
Cash and cash equivalents at the beginning of the year		2,309,974	1,315,914
Effect of foreign exchange rate changes		3,709	283
Cash and cash equivalents at the end of the year		764,769	2,309,974
Analysis of balance of cash and cash equivalents at end of the year, representing bank balances and cash		764,769	2,309,974

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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"). Its ultimate holding company is Albert Yeung Holdings Limited ("AY Holdings"), a limited liability company incorporated in BVI, which is in turn held by STC International Limited ("STC International") 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 Hong Kong Accounting Standards ("HKASs") and HKFRSs, amendments and interpretations ("INTs") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

* IFRIC represents the International Financial Reporting Interpretations Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated financial statements”, HKFRS 11 “Joint arrangements”, HKFRS 12 “Disclosure of interests in other entities”, HKAS 27 (as revised in 2011) “Separate financial statements” and HKAS 28 (as revised in 2011) “Investments in associates and joint ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance. HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and separate financial statements” that deal with consolidated financial statements and HK(SIC) – INT 12 “Consolidation – Special purpose entities”. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The application of HKFRS 10 has no material impact on the amounts reported in the consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (please see note 48 for details). Other than the disclosures required by the HKFRS 12, the application of HKFRS 12 has no material impact on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

HKFRS 13 “Fair value measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 “Share-based payment”, leasing transactions that are within the scope of HKAS 17 “Leases”, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period (please see notes 6 and 16 for the 2014 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

The Group has applied the amendments to HKAS 1 “Presentation of items of other comprehensive income”. Upon the adoption of the amendments to HKAS 1, the Group’s ‘statement of comprehensive income’ is renamed as the ‘statement of profit or loss and other comprehensive income’. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 Cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 Cycle ²
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁶
Amendments to HKAS 19	Defined benefit plans: Employee contributions ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
HKFRS 9	Financial instruments ³
HKFRS 14	Regulatory deferral accounts ⁵
HK(IFRIC) – INT 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2016.

The directors of the Company (“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 by the predecessor Hong Kong Companies Ordinance, Cap.32.

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 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of consolidation – continued

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 after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Business combinations that took place after 1 April 2010 – continued

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

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.

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 profit or loss and other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investments in associates

An associate is an entity over which the Group has significant influence. 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. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is 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 associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the 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 the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 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 of disposal) 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 an associate of the Group (such as a sale or contribution of assets), 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 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Joint ventures

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity sells or contributes assets to a joint operation in which a group entity is a joint operator, the Group is considered to be selling or contributing assets to the other parties to the joint operation, and gains and losses resulting from the sale or contribution are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity purchases assets from a joint operation in which a group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Investment properties – continued

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 investment properties under development will be made when there is a change in use, evidenced by commencement of redevelopment of the properties with a view to earn rentals and for capital appreciation. The fair value of these properties at the date of transfer became the deemed cost of properties under development for sales.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Property, plant and equipment – continued

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

Property, plant and equipment is transferred from properties under development for sales when it is evidenced by the commencement of owner-occupation. The carrying value of the property at the date of the transfer become the deemed cost of that property.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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 in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Inventories – continued

Properties under development for sale

Properties under development for sale in the ordinary course of business are 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial assets – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Other financial liabilities

Other financial liabilities including trade and other payables, amounts due to a related company/non-controlling interests of subsidiaries, unsecured notes, bank and other 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 as deemed capital contribution by the non-controlling interests and the owners of the Company equity.

Derivative financial instruments

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

Derecognition

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

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 room 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.

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 profit or loss and other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

3. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation – continued

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 2014

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 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 liabilities or deferred tax assets 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\$6,336,200,000 as at 31 March 2014 (2013: HK\$5,390,000,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. 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\$641,941,000 (2013: HK\$523,429,000) on changes in fair value of investment properties subject to the income tax in respective jurisdictions, on the assumption that these investment properties will be recovered through use.

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\$33,140,675,000 at 31 March 2014 (2013: HK\$29,357,827,000) 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 construction.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

Key sources of estimation uncertainty – continued

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\$2,148,806,000 (2013: HK\$1,804,664,000), 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 sales 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.

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

The Group's carrying amount of the interest-free amounts due to non-controlling interests of a subsidiary as at 31 March 2014 was HK\$186,000,000 (2013: HK\$226,000,000) (see note 31 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 2014 is HK\$3,465,958,000 (2013: HK\$3,715,980,000) (see note 30 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 amounts due to a related company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

Key sources of estimation uncertainty – continued

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31 March 2014 is HK\$234,880,000 (2013: HK\$230,451,000) (see note 26 for details).

Deferred tax assets

At 31 March 2014, deferred tax asset of approximately HK\$26,517,000 (2013: HK\$22,750,000) (see note 35 for details) 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\$521,537,000 (2013: HK\$525,612,000) 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.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors has a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of the Group's investment properties, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The Group will first consider and adopt Level 2 inputs where inputs can be derived observable quoted prices in the active market. When Level 2 inputs are not available, the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the Directors. Information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties are disclosed in note 16.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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

Key sources of estimation uncertainty – continued

Fair value measurements and valuation processes – continued

In estimating the fair value of the Group's financial assets at FVTPL, the Group uses market-observable data to the extent it is available. In estimating the fair value of the Group's financial liabilities at FVTPL (representing the Group's derivative financial liabilities as disclosed in note 32), the Group uses market-observable data to the extent it is available. The management of the Group will assess the valuation of the derivative financial instruments based on discounted cash flow method at the end of the reporting period. The management of the Group will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets/liabilities, the causes of the fluctuations will be reported to the Directors. Note 6 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the Group's financial assets/liabilities at FVTPL.

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, the amounts due to non-controlling interests of subsidiaries, unsecured notes, bank and other borrowings in notes 30, 31, 33 and 34 respectively net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital 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 associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the debt raising.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 HK\$'000	2013 HK\$'000
Financial assets		
<u>FVTPL</u>		
Investments in trading securities	–	1
Derivative financial instruments	–	7,477
	–	7,478
<u>Loans and receivables</u>		
Receivables related to a development project	187,244	183,877
Deposit in designated bank account for development properties	11,685	14,801
Trade and other receivables	533,857	632,165
Pledged bank deposits	2,414,396	300
Short-term bank deposits	15,066	22,244
Bank balances and cash	764,769	2,309,974
	3,927,017	3,163,361
Financial liabilities		
<u>FVTPL</u>		
Derivative financial instruments	23,637	26,338
<u>At amortised cost</u>		
Trade and other payables	615,882	701,113
Amount due to a related company	3,465,958	3,715,980
Amounts due to non-controlling interests of subsidiaries	188,566	232,031
Unsecured notes	850,717	–
Bank and other borrowings	9,180,697	6,229,248
	14,301,820	10,878,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 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 exposed to foreign currency risk in relation to the outstanding foreign currency denominated monetary items at the end of the reporting period, which included foreign pledged bank deposits, short-term bank deposits and bank balances. The sensitivity to foreign currency risks arising from the outstanding foreign currency denominated monetary items has been determined based on the reasonably possible change in foreign currency exchange rates between RMB and HK\$. For a 1% strengthening in RMB against HK\$, the Group's post-tax profit for the year will be increased by HK\$24,830,000 (2013: HK\$167,000). 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.

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 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\$44,006,000 (2013: HK\$46,805,000). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Market risk – continued

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and short-term bank deposits, fixed rate other borrowings and fixed coupon rate unsecured notes. 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.

Except for bank balances and deposits using 5 basis points (2013: 5 basis points), if interest rates had been 100 basis points (2013: 100 basis points) higher and all other variables were held constant, the potential effect on post-tax profit for the year is as follows:

	2014 HK\$'000	2013 HK\$'000
Increase (decrease) in post-tax profit for the year		
– Bank balances	376	1,150
– Amount due to a related company	(28,941)	(31,028)
– Interest rate swap contract	8,812	12,188
– Bank and other borrowings	(44,763)	(52,000)
	(64,516)	(69,690)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2014 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 85% (2013: 82%) and 85% (2013: 82%) 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.

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, other borrowings and unsecured notes as significant source of liquidity. At 31 March 2014, 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, secured bank borrowings 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

In addition, the following table details the Group's liquidity analysis for its derivative financial liabilities. The table has 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.

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 2014								
Non-derivative financial liabilities								
Trade and other payables	-	88,165	527,717	-	-	-	615,882	615,882
Amount due to a related company	3.42%	9,269	18,847	576,556	3,422,130	-	4,026,802	3,465,958
Amounts due to non-controlling interests of subsidiaries – non-interest bearing	-	188,566	-	-	-	-	188,566	188,566
Bank overdraft	1.51%	408,400	-	-	-	-	408,400	407,887
Secured bank borrowings	2.19%	131,650	354,176	1,062,527	5,736,169	1,746,965	9,031,487	8,457,810
Fixed rate other borrowings	5%	-	-	322,292	-	-	322,292	315,000
Unsecured notes	4.85%	-	20,464	20,464	1,016,377	-	1,057,305	850,717
		826,050	921,204	1,981,839	10,174,676	1,746,965	15,650,734	14,301,820
Derivative-net settlement								
Interest rate swap contract – net	-	-	2,123	5,446	7,112	-	14,681	13,806
Foreign currency forward contracts – net	-	-	8,496	-	1,335	-	9,831	9,831
		-	10,619	5,446	8,447	-	24,512	23,637
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	-	-	2,123	6,193	18,877	-	27,193	24,276
Foreign currency forward contracts – net	-	858	1,204	-	-	-	2,062	2,062
		858	3,327	6,193	18,877	-	29,255	26,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

6. FINANCIAL INSTRUMENTS – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – 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 2014 and 31 March 2013, the aggregate carrying amounts of these secured bank borrowings amounted to HK\$131,650,000 and HK\$103,749,000 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\$4,033,000, HK\$12,098,000, HK\$90,724,000 and HK\$35,658,000 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 (2013: 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).

(c) Fair value measurements of financial instruments

Fair value of the Group’s financial assets and financial liabilities are measured at fair value on a recurring basis

Some of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets/ liabilities	Fair value as at 31 March 2014 HK\$’000	Fair value hierarchy	Valuation techniques and key inputs
(i) Investments in trading securities	–	Level 1	Quoted bid prices in active markets.
(ii) Foreign currency forward contracts	9,831	Level 2	Discounted cash flow: Future cashflows are estimated based on forward foreign currency rates (from observable yield curves at the end of the reporting period) and contract foreign currency rates, discounted at a rate that reflects the credit risk of various counterparties.
(iii) Interest rate swap contract	13,806	Level 2	Discounted cash flow: Future cashflows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 to 3 during the years ended 31 March 2014 and 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

7. REVENUE

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

	2014 HK\$'000	2013 HK\$'000
Hotel and hotel related operations		
Service income from gaming operations	2,050,106	1,855,291
Hotel room income	97,559	85,717
Food and beverage sales	152,998	127,375
Others	13,953	5,201
	2,314,616	2,073,584
Sales of properties	60,005	3,002,849
Rental income from investment properties	639,276	627,032
	3,013,897	5,703,465

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 operations in the Grand Emperor Hotel, Best Western 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 that in Hong Kong and hence they are grouped and identified as a single operating segment – hotel and hotel related operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

8. SEGMENT INFORMATION – continued

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

Information regarding the above segments is reported below:

Segment revenue and results

For the year ended 31 March 2014

	Lease of properties HK\$'000	Properties development HK\$'000	Hotel and hotel related operations HK\$'000	Total HK\$'000
Segment revenue – from external customers	639,276	60,005	2,314,616	3,013,897
Segment results	1,958,064	24,245	897,215	2,879,524
Bank interest income				63,592
Unallocated corporate expenses, net				(72,223)
Net gain on fair value changes in derivative financial instruments				2,376
Finance costs				(218,151)
Profit before taxation				2,655,118
Taxation				(265,688)
Profit for the year				2,389,430

Other information

	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	–	–	4,306	4,306
Depreciation of property, plant and equipment	–	1,154	137,189	138,343
Release of prepaid lease payments	–	–	8,866	8,866
Reversal of write-downs of properties under development for sale	–	508	–	508
Fair value increase in properties	1,385,251	–	–	1,385,251

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	22,206

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

8. SEGMENT INFORMATION – continued

Segment revenue and results – continued

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

	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

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 2014

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 receivables related a development project, by geographical location of the assets are detailed below:

	Revenue from customers For the year ended 31 March		Non-current assets At 31 March	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Hong Kong	730,671	3,643,775	28,349,355	25,481,104
The PRC	6,024	19,783	3,892,164	3,405,077
Macau	2,277,202	2,039,907	4,699,001	3,637,173
	3,013,897	5,703,465	36,940,520	32,523,354

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\$2,052,264,000 (2013: HK\$1,857,442,000). The revenue is related to the hotel and hotel related operations.

9. OTHER GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Net gain on fair value changes in derivative financial instruments	2,376	3,014
Reversal of write-downs of properties under development for sale (<i>Note</i>)	508	280
	2,884	3,294

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\$508,000 (2013: HK\$280,000). The carrying amounts of the properties at 31 March 2014 and 31 March 2013 were 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 2014

10. FINANCE COSTS

	2014 HK\$'000	2013 HK\$'000
Interest on:		
– bank borrowings wholly repayable within five years	99,975	88,287
– bank borrowings not wholly repayable within five years	63,419	57,575
– other borrowings wholly repayable within five years	628	–
– unsecured notes wholly repayable within five years	11,815	–
– amount due to a related company	52,321	52,966
	228,158	198,828
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	–	11,385
Imputed interest expense on amount due to a related company	66,282	78,561
	294,440	288,774
Less: amount capitalised	(86,470)	(81,906)
	207,970	206,868
Bank charges	10,181	3,579
	218,151	210,447

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying capitalisation rates ranging from 1.67% to 1.78% (2013: from 1.49% to 1.67%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

11. PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	6,750	6,230
Allowance for doubtful debts	4,306	19,231
Depreciation of property, plant and equipment	160,549	135,887
Release of prepaid lease payments	8,866	8,568
Commission expenses in gaming operations (included in selling and marketing expenses)	523,618	457,079
Fair value change on trading securities	1	–
Loss on disposal of other assets	–	150
Operating lease rentals in respect of rented premises	6,704	5,479
Net exchange loss	51,798	83
Share of tax of an associate (included in share of result of an associate)	–	(1)
Staff costs, including Directors' remuneration and retirement benefit scheme contributions (note 12)	570,050	547,180
Cost of properties held for sale recognised as an expense	24,982	1,432,388
Cost of inventories in respect of hotel and hotel related operations recognised as an expense	51,947	44,422
(Gain) loss on disposal of property, plant and equipment	(8,852)	427
Bank interest income	(63,592)	(23,866)
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 2014

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	Cheung Ping Keung HK\$'000	Chan Man Hon, Eric HK\$'000 (note c)	Wong Tak Ming, Gary HK\$'000 (note d)	Cheng Ka Yu HK\$'000 (note e)	Law Ka Ming, Michael HK\$'000 (note f)	Liu Hing Hung HK\$'000	Total HK\$'000
2014										
Fees	-	300	300	150	71	130	200	-	200	1,351
Other emoluments:										
Salaries and other benefits (note a)	-	3,492	1,752	4,020	-	-	-	-	-	9,264
Performance related incentive payment (note b)	-	3,500	3,500	4,000	-	-	-	-	-	11,000
Retirement benefit scheme contributions	-	244	123	15	-	-	-	-	-	382
Total emoluments	-	7,536	5,675	8,185	71	130	200	-	200	21,997
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

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.
- Mr. Chan Man Hon, Eric retired as Director on 8 August 2013.
- Mr. Wong Tak Ming, Gary was appointed as Director on 8 August 2013.
- 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 2014

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

(ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2013: three) were Directors whose emoluments are set out above. The total emoluments of the remaining two (2013: two) individuals were as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other benefits	17,730	15,325
Retirement benefit scheme contributions	–	–
	17,730	15,325

Their emoluments were within the following bands:

	2014 HK\$'000	2013 HK\$'000
HK\$2,500,001 to HK\$3,000,000	–	–
HK\$6,000,001 to HK\$6,500,000	–	1
HK\$8,500,001 to HK\$9,000,000	1	1
HK\$9,000,001 to HK\$9,500,000	1	–

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

(iii) Retirement benefit scheme

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

The retirement benefit cost charged to profit or loss represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions 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\$6,444,000 (2013: HK\$6,870,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

13. TAXATION

	2014 HK\$'000	2013 HK\$'000
Tax charge comprises:		
Current tax		
Hong Kong Profits Tax	47,230	241,218
Macau Complementary Income Tax ("CT")	110,764	100,583
The PRC Land Appreciation Tax ("LAT")	225	5,054
	158,219	346,855
Reversal of CT provision in prior years	(22,339)	(22,687)
Under(over)provision in prior years		
Hong Kong Profits Tax	4,994	(214)
CT	–	12
LAT	–	16,259
	4,994	16,057
Deferred taxation (note 35)		
Current year	124,814	220,540
	265,688	560,765

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits, 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 both years.

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\$22,339,000 for the 2008 year of assessment (2013: HK\$22,687,000 for the 2007 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 2014

13. TAXATION – continued

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	2,655,118	7,187,235
Tax charge at Hong Kong Profits Tax of 16.5%	438,095	1,185,894
Tax effect of share of result of an associate	–	1
Tax effect of income not taxable for tax purpose	(177,115)	(605,506)
Tax effect of expenses not deductible for tax purpose	44,410	43,692
LAT (net of tax effect on deduction of EIT)	169	3,790
Utilisation of tax losses previously not recognised	(6,163)	(46,712)
Tax effect of tax losses not recognised	5,491	6,081
Effect of different tax rates of subsidiaries operating in other jurisdictions	(22,834)	(20,818)
Reversal of tax provision in prior years	(22,339)	(22,687)
Underprovision in prior years	4,994	16,057
Others	980	973
Taxation for the year	265,688	560,765

14. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Dividends recognised as distribution during the year:		
Final dividend paid for 2013: HK\$0.056 per share (2013: HK0.052 per share in respect of 2012)	205,339	190,673
Interim dividend paid for 2014: HK\$0.055 per share (2013: HK\$0.053 per share in respect of 2013)	201,948	194,338
	407,287	385,011

The final dividend of HK\$0.059 per share in respect of the year ended 31 March 2014 (2013: final dividend of HK\$0.056 per share) amounting to HK\$216,635,000 has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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:

	2014 HK\$'000	2013 HK\$'000
Earnings		
Earnings (profit for the year attributable to the owners of the Company) for the purposes of basic and diluted earnings per share	1,858,140	6,156,029

	2014	2013
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	3,668,296,740	3,666,776,192
Effect of dilutive potential ordinary shares:		
Share options of the Company	3,163,576	700,038
Weighted average number of ordinary shares for the purpose of dilutive earnings per share	3,671,460,316	3,667,476,230

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company and the weighted average number of ordinary shares adjusted by the weighted average number of ordinary shares assumed to have been issued under the Company's share option scheme. The computation of diluted earnings per share does not assume the exercise of the Company's subsidiary, Emperor E Hotel's outstanding share options as the exercise price of those options was higher than the average market price of shares for the year ended 31 March 2013 and the effect was insignificant for the year ended 31 March 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. INVESTMENT PROPERTIES

	Completed investment properties HK\$'000	2014 Investment properties under development HK\$'000	Total HK\$'000	Completed investment properties HK\$'000	2013 Investment properties under development HK\$'000	Total HK\$'000
At fair value						
At 1 April	23,332,827	6,025,000	29,357,827	17,909,940	4,835,950	22,745,890
Exchange realignment	1,960	59,720	61,680	373	10,019	10,392
Additions	2,180,913	194,761	2,375,674	1,744,683	160,271	1,904,954
Disposals	(39,757)	-	(39,757)	-	-	-
Reclassified from properties held for sale (<i>Note</i>)	-	-	-	294,800	-	294,800
Reclassified from investment properties under development to completed investment properties	1,700,000	(1,700,000)	-	-	-	-
Reclassified from completed investment properties to investment properties under development	(1,499,300)	1,499,300	-	-	-	-
Increase in fair value, net	819,032	566,219	1,385,251	3,383,031	1,018,760	4,401,791
At 31 March	26,495,675	6,645,000	33,140,675	23,332,827	6,025,000	29,357,827

Note: 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 and the aggregate carrying values of HK\$97,558,000 amounting to HK\$197,242,000 was included in "fair values changes in properties" and recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. INVESTMENT PROPERTIES – continued

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

	2014 HK\$'000	2013 HK\$'000
Situated in Hong Kong under:		
– long leases	16,978,540	16,390,300
– medium-term leases	9,825,935	7,577,527
Situated in PRC under:		
– long leases	1,602,000	1,510,000
– medium-term leases	2,282,000	1,887,000
Situated in Macau under:		
– long leases	270,000	227,000
– medium-term leases	720,200	450,000
– short leases	1,462,000	1,316,000
	33,140,675	29,357,827

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 2014 and 31 March 2013 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, in accordance with the HKIS Valuation Standards (2012 Edition) issued by Hong Kong Institute of Surveyors.

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 properties under development amounted to HK\$31,872,000 (2013: HK\$31,092,000).

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. INVESTMENT PROPERTIES – continued

There has been no change to the valuation techniques during the year. The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and key inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the key inputs to the fair value measurements is observable.

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity/relationship of unobservable inputs to fair value
Retail shops/complexes	18,504,830	Level 3	Direct comparison with market unit rate as the key input	Market unit rate, mainly taking into account the time, location, frontage and size, between the comparables, which ranged from HK\$2,100 to HK\$1,540,000 per square feet	A significant increase in the market unit rate used would result in a significant increase in the fair value of the investment properties, and vice versa.
Retail shops/complexes	4,064,000	Level 3	Direct capitalisation method with market unit rent and capitalization rate as the key inputs	Monthly rent, based on net floor area using direct market comparables and taking into account of time, location, frontage and size of the properties, which ranged from HK\$40 to HK\$2,500 per square feet Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the properties, prevailing market condition, which ranged from 2.7% to 5%	The higher the monthly rent, the higher the fair value, and vice versa. The higher the capitalisation rate, the lower the fair value, and vice versa.
Retail/commercial properties under development	6,645,000	Level 3	Market-based approach The key inputs are: (1) Gross development value (2) Level adjustment (3) Developer's profit	Gross development value on completion basis, mainly taking into account the time, location, design frontage, layout and size between the comparables and the properties Level adjustment on individual floor of the properties ranged from about 20% to 85% on specific levels Developer's profit ranged from 10% to 30%, taking into account the construction progress of the properties	The higher the gross development value, the higher the fair value. The higher the upward level adjustment, the higher the fair value, and vice versa. The higher the developer's profit, the lower the fair value, and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

16. INVESTMENT PROPERTIES – continued

Investment properties held by the Group in the consolidated statement of financial position	Fair value HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Sensitivity/relationship of unobservable inputs to fair value
Offices premises	2,454,030	Level 3	Direct comparison method with market unit rate as the key input	Market unit rate, mainly taking into account the time, location, quality, floor level and size, between the comparables, which ranged from HK\$5,600 to HK\$20,900 per square feet	A significant increase in the market unit rate used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
Industrial premises	724,095	Level 3	Direct comparison method with market unit rate as the key input	Market unit rate, mainly taking into account the time, location, quality, floor level and size, between the comparables, which ranged from HK\$1,600 to HK\$6,300 per square feet	A significant increase in the market unit rate used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.
Residential premises	748,720	Level 3	Direct comparison method with market unit rate as the key input	Market unit rate, mainly taking into account the time, location, quality, view, floor level and size, between the comparables, which ranged from HK\$3,900 to HK\$18,700 per square feet	A significant increase in the market unit rate used would result in a significant increase in the fair value measurement of the investment properties, and vice versa.

Joint operation relating to the investment property under development in the PRC

The subsidiaries of the Company, Expert Pearl Investment 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. (the "JV Partner") to jointly develop investment property under development located in Shanghai (the "Property"). Expert Pearl Group and the JV Partner intend to develop the Property into a commercial complex (the "Project"). Under the JV Agreement, the saleable floor area would be split between the parties in equal shares for share of potential sales proceeds after the completion of the development of the Project. Pursuant to the terms of the JV Agreement, the Project is accounted as the joint operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

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 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
Exchange realignment	-	128	-	37	-	90	255
Additions	-	-	314,500	16,197	98,783	122,251	551,731
Disposals	-	-	-	(17,713)	-	(29,863)	(47,576)
At 31 March 2014	338,025	137,586	1,535,883	309,885	1,059,654	401,160	3,782,193
DEPRECIATION							
At 1 April 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 disposals	-	-	-	(5,407)	-	(1,013)	(6,420)
At 31 March 2013	75,795	24,752	145,376	123,031	-	209,837	578,791
Exchange realignment	-	11	-	22	-	65	98
Provided for the year	4,772	3,621	29,655	54,651	-	67,850	160,549
Eliminated on disposals	-	-	-	(17,475)	-	(27,863)	(45,338)
At 31 March 2014	80,567	28,384	175,031	160,229	-	249,889	694,100
CARRYING VALUES							
At 31 March 2014	257,458	109,202	1,360,852	149,656	1,059,654	151,271	3,088,093
At 31 March 2013	262,230	112,706	1,076,007	188,333	960,871	98,845	2,698,992

Note: During the year ended 31 March 2013, a building located in Hong Kong classified as properties under development for sale in previous years 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 2014

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 Buildings	The unexpired terms of the relevant leases 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 $\frac{1}{3}$ %

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

	2014 HK\$'000	2013 HK\$'000
Leasehold land in Hong Kong under:		
– long lease	224,412	228,152
– medium-term lease	33,046	34,078
	257,458	262,230
Buildings in Hong Kong under:		
– long lease	13,014	13,727
– medium-term lease	8,876	9,115
	21,890	22,842
Buildings in PRC under long lease	6,270	6,475
Buildings in Macau under long lease	81,042	83,389
	109,202	112,706
Hotel property in Hong Kong under long lease	89,104	92,996
Hotel properties in Macau under medium-term lease	1,271,748	983,011
	1,360,852	1,076,007
Hotel properties under construction in Hong Kong under long lease	1,059,654	960,871

During the year, the net interest capitalised in property, plant and equipment amounted to HK\$19,474,000 (2013: HK\$17,862,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

18. PREPAID LEASE PAYMENTS

	HK\$'000	
COST		
At 1 April 2012		318,414
Release for the year		(8,568)
At 31 March 2013		309,846
Additions		362,300
Release for the year		(8,866)
At 31 March 2014		663,280
	2014	2013
	HK\$'000	HK\$'000
The Group's prepaid lease payments comprise:		
Leasehold land situated in Macau under medium-term lease	663,280	309,846
Analysed for reporting purposes as:		
– non-current portion	644,578	301,278
– current portion	18,702	8,568
	663,280	309,846

19. INTEREST IN AN ASSOCIATE

	2014	2013
	HK\$'000	HK\$'000
Cost of investment in an associate	–	–
Share of post-acquisition reserves, net of dividends	–	–
	–	–

Particulars of the Group's associate as at 31 March 2014 and 31 March 2013, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group		Principal activities
		2014	2013	
Brightwing Development Limited ("Brightwing")	Hong Kong	–	50%	Inactive

In the opinion of the Directors, none of its associate is material to the Group. The aggregate information of the associate that is individually immaterial is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

19. INTEREST IN AN ASSOCIATE – continued

The investment in Brightwing is solely for share of results and no strategic purpose involved. The associate is accounted for using the equity method in these consolidated financial statements.

Result for the year

	2014 HK\$'000	2013 HK\$'000
Loss and total comprehensive expense for the year	–	(14)
Loss and total comprehensive expense attributable to the Group	–	(7)

During the year ended 31 March 2014, Brightwing commenced deregistration process and deregistered in December 2013.

20. DEPOSIT IN DESIGNATED BANK ACCOUNT FOR DEVELOPMENT PROPERTIES

The amount of HK\$11,685,000 (2013: HK\$14,801,000) (equivalent to approximately RMB9,267,000 (2013: RMB11,953,000)), was deposited to a bank account designated under 北京朝陽區房屋管理局 as deposit for resettlement for the investment properties under development in the PRC. Such bank deposit is restricted for settlement in relation to the resettlement work and carries interest at 1.27% (2013: 1.27%) per annum. The deposit is expected to be released within twelve months from the end of the reporting period and classified as current assets.

21. GOODWILL

	HK\$'000
COST	
At 1 April 2012, 31 March 2013 and 31 March 2014	56,683

For the purpose of impairment test, goodwill of HK\$54,743,000 (2013: 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 2014, 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% (2013: 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% (2013: 22%). The discount rate was determined with reference to weighted average cost of capital ("WACC") of similar companies in the industry and 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 (2013: 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

22. OTHER ASSETS

	2014 HK\$'000	2013 HK\$'000
Club debentures and membership, at cost	4,092	4,092

The club debentures and membership have indefinite life.

23. INVENTORIES

	2014 HK\$'000	2013 HK\$'000
Catering goods, at cost	14,262	14,179

24. PROPERTIES HELD FOR SALE

The properties held for sale comprise properties:

	2014 HK\$'000	2013 HK\$'000
Situated in Hong Kong under:		
– long lease	159,998	176,023
– medium-term lease	49,898	57,790
	209,896	233,813
Situated in the PRC and held under land use rights with terms expiring within 50 years	497	625
	210,393	234,438

25. 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:

	2014 HK\$'000	2013 HK\$'000
Situated in Hong Kong under:		
– long leases	2,092,364	1,749,666
– medium-term leases	56,442	54,998
	2,148,806	1,804,664

Included in the amount are properties under development for sale of approximately HK\$412,571,000 (2013: HK\$1,804,664,000) are expected to be recovered after twelve months from the end of the reporting period.

During the year, the net interest capitalised in properties under development for sale amounted to HK\$35,124,000 (2013: HK\$32,952,000).

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For the year ended 31 March 2014

26. TRADE AND OTHER RECEIVABLES

	2014 HK\$'000	2013 HK\$'000
An analysis of trade and other receivables is as follows:		
Trade receivables	234,880	230,451
Chips on hand	87,239	88,331
Other receivables	211,738	313,383
Deposits and prepayments	43,765	45,267
	577,622	677,432

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:

	2014 HK\$'000	2013 HK\$'000
0 – 30 days	215,047	200,427
31 – 90 days	5,024	5,115
91 – 180 days	51	5,152
Over 180 days	14,758	19,757
	234,880	230,451

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

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

For gaming operation, the Group normally allows credit periods of up to 60 days to its trade customers, except for certain credit worthy customers with long term relationship and stable repayment pattern, where the terms are extended to a longer period.

Included in other receivables are amounts due from related companies of HK\$29,900,000 (2013: HK\$23,936,000). These related companies are indirectly controlled by AY Holdings which is held by STC International being the trustee of the AY Trust (Dr. Albert Yeung is the founder of the AY Trust and a deemed substantial shareholder of the Company). The amounts are unsecured, interest-free and repayable within one year.

Included in other receivables are deposits received for sale of the Group's properties of HK\$71,240,000 (2013: HK\$97,108,000) under the custodian of the independent lawyers on behalf of the Group.

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For the year ended 31 March 2014

26. TRADE AND OTHER RECEIVABLES – continued

The carrying amount of trade receivables in respect of hotel and hotel related operations does 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\$14,809,000 (2013: HK\$24,830,000) that would otherwise have been past due or impaired had the terms not been renegotiated.

Included in the trade receivable balances in respect of other operations are debtors with carrying amounts of HK\$1,686,000 (2013: HK\$1,622,000) 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 in respect of other operations which are past due but not impaired

	2014 HK\$'000	2013 HK\$'000
Overdue for:		
1 – 30 days	1,558	1,322
31 – 90 days	–	221
91 – 180 days	128	79
	1,686	1,622

Movement in the allowance for doubtful debts

	2014 HK\$'000	2013 HK\$'000
At 1 April	19,310	79
Impairment loss recognised	4,306	19,231
Written off	(2)	–
At 31 March	23,614	19,310

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balances of HK\$23,614,000 (2013: HK\$19,310,000), the management considered these prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

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

Included in trade and other receivables are the following amounts denominated in currency other than functional currency of the relevant group entities:

	2014 HK\$'000	2013 HK\$'000
RMB	33,747	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

27. INVESTMENTS IN TRADING SECURITIES

	2014 HK\$'000	2013 HK\$'000
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	–	1

28. PLEDGED BANK DEPOSITS/SHORT-TERM BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits included: (i) deposits of HK\$2,414,080,000 (2013: nil) pledged to banks to secure for banking facilities granted to the Group and (ii) a deposit of HK\$316,000 (2013: HK\$300,000) pledged to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group. The pledged bank deposits carry interest at fixed interest rates which range from 2.20% to 3.80% (2013: 1.45% to 1.55%) per annum.

Short-term bank deposits with an original maturity of over 3 months but within one year carry interest at fixed interest rates which range from 0.35% to 3.25% (2013: 1.10% to 1.80%) per annum.

Bank balances and cash comprise cash held by the Group and bank deposits with an original maturity of 3 months or less, and carry interests at prevailing market rates which range from 0.01% to 2.90% (2013: 0.01% to 1.90%) per annum.

Included in pledged bank deposits, short-term bank deposits and bank balances and cash are the following amounts denominated in currency other than functional currency of the relevant group entities:

	2014 HK\$'000	2013 HK\$'000
RMB	2,449,293	16,658

29. TRADE AND OTHER PAYABLES

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

	2014 HK\$'000	2013 HK\$'000
0 – 90 days	26,321	59,116
91 – 180 days	569	485
Over 180 days	–	67
	26,890	59,668
Construction payables and accruals	510,147	567,732
Other payables and accruals	200,053	220,212
Rental deposits received	189,077	168,872
Deposits received from pre-sale of properties	–	4,584
	926,167	1,021,068

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For the year ended 31 March 2014

30. AMOUNT DUE TO A RELATED COMPANY

The amount is unsecured and carries interest ranging from HIBOR + 1.18% to HIBOR + 1.20% per annum (2013: HIBOR + 1.12% to HIBOR + 1.20% per annum). The interest payable to the related company, a wholly-owned subsidiary of the AY Trust, is calculated at 1.40% (2013: 1.40%) per annum at the end of the reporting period.

During the year, further advances from the related company amounted to HK\$948,702,000 (2013: HK\$830,252,000) and the Group partially repaid the principal of HK\$1,200,822,000 (2013: HK\$781,683,000) to the related company. The principal amount outstanding as at 31 March 2014 was HK\$3,624,015,000 (2013: HK\$3,876,134,000). 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 rate of 3.25% (2013: 3.25% to 3.77%). During the year, the Group recognised a deemed capital contribution in equity of HK\$64,184,000 (2013: HK\$65,618,000) 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\$3,041,701,000 (2013: HK\$3,317,390,000) 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, such amount is shown as non-current liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

31. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF SUBSIDIARIES

Amounts due to non-controlling interests of subsidiaries comprise:

- (i) Amount of HK\$2,566,000 (2013: HK\$6,031,000) which is unsecured, interest-free and repayable on demand, and
- (ii) Amounts of HK\$186,000,000 (2013: HK\$226,000,000) 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 due to non-controlling interests of Luck United 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\$40,000,000 (2013: HK\$16,000,000). The principal amount outstanding as at 31 March 2014 was HK\$186,000,000 (2013: HK\$226,000,000).

At the end of the reporting period, the management of Luck United determined that Luck United has adequate available surplus fund for the repayment of all principal amounts outstanding to its shareholders. Therefore, the Directors consider that the carrying amount of the amounts due to non-controlling interests of HK\$186,000,000 (2013: HK\$226,000,000) is repayable on demand at the discretion of non-controlling interests at 31 March 2014 and 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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32. DERIVATIVE FINANCIAL INSTRUMENTS

	2014		2013	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Derivatives not under hedge accounting				
Interest rate swap contract	–	13,806	–	24,276
Foreign currency forward contracts	–	9,831	7,477	2,062
	–	23,637	7,477	26,338
Analysed for reporting purposes as:				
Current	–	8,496	7,477	2,062
Non-current	–	15,141	–	24,276
	–	23,637	7,477	26,338

(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 2014 and 31 March 2013

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

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

At 31 March 2014

Notional amount	Maturity	Forward contract rates
3 contracts to buy RMB450 million in aggregate	Within one year	RMB1 to HK\$1.2512 to RMB1 to HK\$1.2830
2 contracts to buy RMB400 million in aggregate	Between one to two years	RMB1 to HK\$1.2363 to RMB1 to HK\$1.2380

At 31 March 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

33. UNSECURED NOTES

	2014 HK\$'000	2013 HK\$'000
US\$110,000,000 unsecured notes carry fixed coupon rate of 4.8% per annum, payable semi-annually with maturity in 2018 at the carrying amounts	850,717	–

In December 2013, Big Right Investment Limited (“Big Right”), an indirect wholly owned subsidiary of the Group, concluded public offering of the unsecured notes of US\$110,000,000 (equivalent to approximately HK\$852,665,000). The unsecured notes (Stock Code: 6005) are listed on the Stock Exchange and carry fixed coupon rate of 4.8% per annum, payable semi-annually in arrears. The unsecured notes carry effective interest rate of 4.85% per annum. The principal amount of the unsecured notes is repayable in 2018 and unconditionally and irrevocably guaranteed by the Company. The proceeds of the unsecured notes are intended to use for general working capital purposes of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

34. BANK AND OTHER BORROWINGS

	2014 HK\$'000	2013 HK\$'000
Bank borrowings:		
Bank loans	8,457,810	6,229,248
Bank overdraft	407,887	–
	8,865,697	6,229,248
Other borrowing	315,000	–
	9,180,697	6,229,248
	2014 HK\$'000	2013 HK\$'000
The bank borrowings are repayable as follows*:		
Within one year	1,639,063	709,092
Between one to two years	3,145,566	473,574
Between two to five years	2,242,777	3,059,210
Over five years	1,706,641	1,883,623
	8,734,047	6,125,499
Carrying amounts of bank borrowings that contain a repayment on demand clause shown under current liabilities	131,650	103,749
	8,865,697	6,229,248
The other borrowing is repayable as follows*:		
Within one year	315,000	–
	9,180,697	6,229,248
Less: Amounts due within one year shown under current liabilities	(2,085,713)	(812,841)
Amounts due after one year shown under non-current liabilities	7,094,984	5,416,407

* Carrying amounts based on scheduled repayment dates set out in the loan agreements.

The bank borrowings carry interest ranging from HIBOR + 0.55% to HIBOR + 2.9% per annum (2013: HIBOR + 0.55% to HIBOR + 2.9% per annum) and are secured by certain assets of the Group (see note 41(a)).

The other borrowing is unsecured and carries interest at a fixed rate of 5.00% (2013: nil) per annum.

The effective interest rate of bank and other borrowings range from 1.51% to 5.00% (2013: 1.62%) per annum.

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35. 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 2012	(112,966)	(4,191)	(320,026)	28,207	(408,976)
Exchange realignments	-	-	(664)	-	(664)
Charge to profit or loss (<i>note 13</i>)	(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)
Exchange realignments	-	-	(5,501)	-	(5,501)
(Charge) credit to profit or loss (<i>note 13</i>)	(15,570)	-	(113,011)	3,767	(124,814)
Credit to equity	302	-	-	-	302
At 31 March 2014	(140,276)	(4,191)	(641,941)	26,517	(759,891)

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

At 31 March 2014, the Group had tax losses of HK\$704,421,000 (2013: HK\$684,380,000) available for offset against future profits. Deferred tax asset has been recognised in respect of HK\$182,884,000 (2013: HK\$158,768,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$521,537,000 (2013: HK\$525,612,000) 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\$120,369,000 (2013: HK\$114,774,000) 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 2014

36. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	500,000,000,000	5,000,000
Issued and fully paid:		
At 1 April 2012 and 31 March 2013	3,666,776,192	36,668
Exercise of share options during the year (<i>Note</i>)	5,000,000	50
At 31 March 2014	3,671,776,192	36,718

Note: During the year, 5,000,000 share options were exercised at an exercise price of HK\$1.746 per share. The new shares issued during the year ended 31 March 2014 rank pari passu with the existing shares in all aspects.

37. SHARE OPTION

Share option schemes of the Company

The Company adopted a share option scheme (the "Old Share Option Scheme") which became effective on 9 September 2003 (the "Adoption Date"). The primary purpose of the Old Share Option 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 Old Share Option 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 Old Share Option 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 Old Share Option 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. The options granted under the Old Share Option Scheme remain valid until those options lapsed on their expiry date. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The Old Share Option Scheme lapsed automatically on 9 September 2013 upon the expiry of the 10-year period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

37. SHARE OPTION – continued

Share option schemes of the Company – continued

In order to ensure the continuity of a share option scheme for the Company to provide incentives or rewards to participants including the Directors and eligible employees of the Group, the shareholders passed an ordinary resolution at the annual general meeting of the Company held on 8 August 2013 to approve the adoption of a new share option scheme (the “New Share Option Scheme”). No share options were granted under the New Share Option Scheme since adoption.

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

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2012	Lapsed during the year [@]	Outstanding at 31 March 2013	Exercised during the year	Outstanding at 31 March 2014
11.8.2005	11.8.2005 – 10.8.2015	1.746	21,538,950	-	21,538,950	(5,000,000)	16,538,950
28.1.2008	28.1.2008 – 27.1.2013	2.702	16,154,211	(16,154,211)	-	-	-
			37,693,161	(16,154,211)	21,538,950	(5,000,000)	16,538,950

@ 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 Old Share Option Scheme by the Company during the years ended 31 March 2014 and 31 March 2013.

Share option schemes of Emperor E Hotel

Emperor E Hotel adopted a share option scheme (the “Emperor E Hotel Old Share Option Scheme”) on 2 September 2002 (the “Emperor E Hotel Old 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. The Emperor E Hotel Old Share Option Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. The options granted under the Emperor E Hotel Old Share Option Scheme remain valid until those options lapsed on their expiry date. As at 31 March 2014, there was no outstanding options granted under the Emperor E Hotel Old Share Option Scheme.

In order to ensure the continuity of a share option scheme for Emperor E Hotel to provide incentives or rewards to participants including the directors and eligible employees of Emperor E Hotel, the shareholders passed an ordinary resolution at the annual general meeting of Emperor E Hotel held on 8 August 2013 (the “Emperor E Hotel New Adoption Date”) to approve the adoption of a new share option scheme (the “Emperor E Hotel New Share Option Scheme”). No share options were granted under the Emperor E Hotel New Share Option Scheme since the Emperor E Hotel New Adoption Date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. SHARE OPTION – continued

Share option schemes of Emperor E Hotel – continued

Under the Emperor E Hotel Old Share Option Scheme, the directors of Emperor E Hotel are authorised, at any time within ten years after the Emperor E Hotel Old 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 Old Share Option Scheme cannot exceed 10% of the total number of shares in issue on the Emperor E Hotel Old 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 Old Share Option Scheme and any other share option scheme of Emperor E Hotel, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

On 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 Old Share Option 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 Old Share Option Scheme are as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Outstanding at 1 April 2012 and 31 March 2013	Exercised during the year	Outstanding at 31 March 2014
11.8.2005	11.8.2005 – 10.8.2015	2.20	10,000,000	(10,000,000)	-

No option has been granted by Emperor E Hotel under the Emperor E Hotel Old Share Option Scheme during the years ended 31 March 2014 and 31 March 2013.

38. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31 March 2014 was a deemed contribution by non-controlling interests of HK\$21,903,000 (2013: HK\$21,903,000) (see note 31 for details) on certain interest-free loans from the non-controlling interests of a subsidiary which were contributed in accordance with their shareholdings.

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39. ACQUISITIONS OF ADDITIONAL INTERESTS IN SUBSIDIARIES

- (i) During the year ended 31 March 2014, the Group acquired additional 3,725,000 shares in Emperor E Hotel, representing 0.29% equity interests in Emperor E Hotel from non-controlling shareholders of Emperor E Hotel, at cash consideration of HK\$9,994,000. The difference of HK\$2,316,000 between the consideration paid of HK\$9,994,000 and the decrease in the non-controlling interests of HK\$7,678,000 was recognised directly in other reserve.
- (ii) During the year ended 31 March 2013, the Group acquired 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 of HK\$5,858,000 between the consideration paid of HK\$19,860,000 and the decrease in the non-controlling interests of HK\$25,718,000 was recognised directly in other reserve.
- (iii) 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.

40. ACQUISITIONS

During the year, the Group had acquired the following property interests in Hong Kong and Macau from independent third parties:

- (a) In September 2013, the Group acquired property interests named Wing Hang Finance Centre through acquisition of Honfirst Land Limited at a cash consideration of HK\$1,588,000,000.
- (b) In March 2014, the Group acquired property interests named Best Western Hotel Taipa, Macau through acquisition of Himson Enterprises Limited and Longham Investment Limited at a cash consideration of HK\$900,000,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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41. PLEDGE OF ASSETS

- (a) As at 31 March 2014 and 31 March 2013, certain assets of the Group were pledged to banks to secure banking facilities granted to the Group. The carrying value of these assets at the end of the reporting period were as follows:

	2014 HK\$'000	2013 HK\$'000
Bank deposits	2,414,080	–
Investment properties	26,949,330	23,066,200
Properties under development for sale	1,736,234	1,566,695
Buildings, including relevant leasehold land in Hong Kong	79,259	81,470
Hotel properties and hotel properties under construction, including relevant leasehold land in Hong Kong	2,306,294	2,027,950
Prepaid lease payments	301,279	309,846
	33,786,476	27,052,161

- (b) The Group also had a bank deposit of HK\$316,000 (2013: HK\$300,000) pledged to a bank to secure for the use of ferry ticket equipment provided by a third party to the Group.

42. COMMITMENTS

	2014 HK\$'000	2013 HK\$'000
Authorised but not contracted for in respect of:		
– properties under development for sale	779,237	469,552
– investment properties	1,257,391	1,592,625
– property, plant and equipment	673,948	668,850
	2,710,576	2,731,027
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– properties under development for sale	569,295	683,398
– investment properties	271,847	539,189
– property, plant and equipment	189,819	254,534
	1,030,961	1,477,121
	3,741,537	4,208,148

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43. OPERATING LEASE COMMITMENTS

The Group as lessee

	2014 HK\$'000	2013 HK\$'000
Minimum lease payment paid and payable under operating leases during the year in respect of rented premises	6,704	5,479

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:

	2014 HK\$'000	2013 HK\$'000
Within one year	7,967	3,576
In the second to fifth year inclusive	7,014	1,675
	14,981	5,251

Leases are negotiated for terms ranging from 1 to 3 years (2013: 1 to 3 years) and the rentals are pre-determined and fixed.

The Group as lessor

	2014 HK\$'000	2013 HK\$'000
Minimum lease payments received and receivable under operating leases during the year in respect of investment properties	639,276	627,032

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:

	2014 HK\$'000	2013 HK\$'000
Within one year	547,660	571,192
In the second to fifth years inclusive	352,122	498,033
Over five years	3,942	6,126
	903,742	1,075,351

Certain premises in the Group's investment properties have committed tenants for the tenancy ranging from 1 to 6 years (2013: 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\$3,567,000 (2013: HK\$11,535,000). The lease commitments presented above is based on the existing committed monthly minimum lease payments.

44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2014, additions of investment properties and property, plant and equipment of HK\$60,279,000 (2013: HK\$106,580,000) and HK\$44,203,000 (2013: HK\$14,912,000), respectively, were settled by utilising deposits paid in prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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45. EVENT AFTER REPORTING PERIOD

Pursuant to the Company's announcement dated 14 May 2014, Talent Charm Corporation Limited, a wholly owned subsidiary of Powerland Holdings Limited which is indirectly held as to 40% by the Group, has received the letter of tender acceptance in relation to successfully tendered for a leasehold land which located at Rural Building Lot No.1198, situated at junction of Shouson Hill Road West and Wong Chuk Hang Path, Hong Kong, at a land premium of HK\$2,708,080,000.

46. RELATED PARTY TRANSACTIONS

- (a) Other than disclosed in notes 26, 30 and 31, the Group also had the following significant transactions with related parties:

	2014 HK\$'000	2013 HK\$'000
Advertising and other expenses to related companies	2,243	5,646
Commission to Dr. Albert Yeung in capacity of a patron of the Group's VIP rooms	1,319	490
Hotel and restaurant income from related companies	1,040	803
Interest expenses to a related company	118,603	131,527
Purchase of property, plant and equipment and merchandising goods from related companies	706	1,273
Service fees from related companies	388	290
Rental income from related companies	286,323	296,929
Secretarial fee expenses to a related company	720	675
Share of administrative expenses by related companies	74,241	73,743

Note: The above related parties are either controlled by AY Trust or certain Director.

- (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 2014 was HK\$9,072,000 (2013: HK\$8,860,000).
- (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 are disclosed in note 39(iii).
- (e) On 13 September 2013, the Group entered into a sale and purchase agreement with Mr. Gilbert Yeung, being one of the eligible beneficiaries of the AY Trust, to dispose of a yacht and the related accessories at a consideration of HK\$11,000,000. The transaction was completed on 13 September 2013.

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47. FINANCIAL INFORMATION OF THE COMPANY

The financial information of the Company as at 31 March 2014 and 31 March 2013 is as follows:

	2014 HK\$'000	2013 HK\$'000
Total assets		
Subsidiaries	8,898,752	9,298,841
Other receivables	449	449
Bank balances and cash	70	88
	8,899,271	9,299,378
Total liabilities		
Other payables	1,083	980
Capital and reserves (<i>Note</i>)		
Share capital	36,718	36,668
Reserves	8,861,470	9,261,730
	8,898,188	9,298,398

Note:

	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 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
Loss and total comprehensive expense for the year	-	-	-	-	(1,652)	(1,652)
Issue of shares	50	9,760	(1,081)	-	-	8,729
Final dividend paid for 2013	-	-	-	-	(205,339)	(205,339)
Interim dividend paid for 2014	-	-	-	-	(201,948)	(201,948)
At 31 March 2014	36,718	4,551,984	3,575	109,474	4,196,437	8,898,188

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES

- (a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013, are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued ordinary share capital/ registered capital ¹	Proportion of issued share capital held by the Group		Principal activities
			2014 %	2013 %	
Indirectly held					
Access Rich Investment Limited	Hong Kong	1	100.00	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 ⁴	Macau	MOP25,000	37.43	37.55	Property holding
Betuna Investments Limited	Hong Kong	2	100.00	100.00	Property investment
Big Right	Hong Kong	1	100.00	100.00	Investment holding
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
Champ Billion Limited	Hong Kong	1	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
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 ²	PRC	1,230,000,000	100.00	100.00	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES – continued

- (a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013, are as follows: – continued

Name of subsidiary	Place of incorporation/ operation	Issued ordinary share capital/ registered capital ¹	Proportion of issued share capital held by the Group		Principal activities
			2014 %	2013 %	
Indirectly held					
– continued					
Emperor (Shanghai) Co., Ltd. ²	PRC	US\$45,000,000	100.00	100.00	Property development
Emperor (Xiamen) Real Estate Investments Limited ²	PRC	US\$5,000,000	97.19	97.19	Property development
Emperor Entertainment Hotel Holdings Limited	Hong Kong	100	100.00	100.00	Investment holding
Emperor Entertainment Hotel Investment Limited	British Virgin Islands/Macau	US\$50	62.39	62.58	Investment holding
Emperor Entertainment Hotel Management Limited ⁴	Macau	MOP25,000	37.43	37.55	Provision of project financing services
Emperor E Hotel ³	Bermuda	130,255	62.39	62.58	Hotel and gaming operation
Emperor Financial Management Limited	Hong Kong	100	100.00	100.00	Property of treasury services to group company
Emperor Hotel (HK) Limited	Hong Kong	2	100.00	100.00	Property investment and hotel operations
Emperor Hotel Limited	Hong Kong	2	100.00	100.00	Property development
Emperor Investment Limited	Hong Kong	1,000	100.00	100.00	Investment holding
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
Fai Iek Limitada	Macau	MOP25,000	100.00	100.00	Property investment
Faith Power Investment Limited	Hong Kong	1	100.00	100.00	Property investment
Fortune Step Corporation Limited	Hong Kong	1	100.00	100.00	Property investment
Gallan Limited	Hong Kong	2	100.00	100.00	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES – continued

- (a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013, are as follows: – continued

Name of subsidiary	Place of incorporation/ operation	Issued ordinary share capital/ registered capital ¹	Proportion of issued share capital held by the Group		Principal activities
			2014 %	2013 %	
Indirectly held					
– continued					
Gold Pleasure Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Gold Shine Investment Limited	Hong Kong	2	100.00	100.00	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
Grand Emperor Entertainment & Hotel (Macau) Limited ⁴	Macau	MOP500,000	37.43	37.55	Provision of hotel and catering services
Grand-Invest & Development Company Limited	Macau	MOP100,000	62.39	-	Provision of hotel and catering services
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
Inn Hotel Limited (formerly known as Hoi Tin Limited & Hoi Tin Marine Products Limited)	Hong Kong	10,000	100.00	100.00	Property investment
I Soi Limitada	Macau	MOP25,000	100.00	100.00	Property investment
I Veng Limitada	Macau	MOP25,000	100.00	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	100.00	100.00	Property investment
Joyful Star Corporation Limited	Hong Kong	1	100.00	100.00	Property investment
Keen Million Limited ⁴	British Virgin Islands/Macau	US\$1	37.43	37.55	Gaming operation
Keenpower Base Limited	Hong Kong	1	100.00	100.00	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES – continued

- (a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013, are as follows: – continued

Name of subsidiary	Place of incorporation/ operation	Issued ordinary share capital/ registered capital ¹	Proportion of issued share capital held by the Group		Principal activities
			2014 %	2013 %	
Indirectly held – continued					
Lord Link Limited	Hong Kong	1	100.00	100.00	Property investment
Luck United ⁴	British Virgin Islands/Macau	US\$10,000	37.43	37.55	Investment holding
Max Intelligence Limited	Hong Kong	1	100.00	100.00	Property investment
Max Strength Limited	Hong Kong	1	100.00	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
Planwing Limited	Hong Kong	2	100.00	100.00	Property investment
Power Mark Corporation Limited	Hong Kong	1	100.00	100.00	Property investment
Precision Faith Limited	Macau	MOP100,000	62.39	62.58	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 Crest Limited	Hong Kong	1	100.00	100.00	Property development
Quick Gain Investments Limited	British Virgin Islands/Macau	US\$1	62.39	62.58	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
Rich Gallant Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Richorse Limited	Hong Kong	2	100.00	100.00	Property investment
Right Achieve Limited ⁴	British Virgin Islands/Macau	US\$1	37.43	37.55	Investment holding
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES – continued

- (a) Particulars of the principal subsidiaries of the Company as at 31 March 2014 and 31 March 2013, are as follows: – continued

Name of subsidiary	Place of incorporation/ operation	Issued ordinary share capital/ registered capital ¹	Proportion of issued share capital held by the Group		Principal activities
			2014 %	2013 %	
Indirectly held					
– continued					
Sure Strong Corporation Limited	Hong Kong	1	100.00	100.00	Property development
Tin Hou Limited	Macau	MOP25,000	62.39	62.58	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 Emperor E Hotel's shares are listed on the Stock Exchange.

⁴ 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 except for Big Right which has issued US\$110,000,000 unsecured notes (see note 33 for details) at 31 March 2014.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2014

48. PARTICULARS OF SUBSIDIARIES – continued

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Emperor E Hotel*	Bermuda/Macau	37.61%	37.42%	533,397	473,345	2,577,408	2,105,064

Emperor E Hotel*

	2014 HK\$'000	2013 HK\$'000
Current assets	3,238,007	2,376,433
Non-current assets	2,918,343	2,045,032
Current liabilities	1,660,173	690,174
Non-current liabilities	113,821	108,067
Equity attributable to owners of the Emperor E Hotel	2,959,982	2,509,147
Non-controlling interests	1,422,374	1,114,077
Revenue	2,265,476	2,028,293
Costs, expenses, other gains and losses	1,357,173	1,215,423
Profit and total comprehensive income for the year	908,303	812,870
Profit and total comprehensive income attributable to:		
Owners of the Company	374,906	339,525
Non-controlling interests of the Company	533,397	473,345
	908,303	812,870
Net cash inflow from operating activities	1,027,706	950,271
Net cash (outflow) inflow from investing activities	(3,339,545)	319,373
Net cash inflow (outflow) from financing activities	715,916	(162,058)
Net cash (outflow) inflow	(1,595,923)	1,107,586

* Representing Emperor E Hotel and its subsidiaries

FINANCIAL SUMMARY

For the year ended 31 March 2014

RESULTS

	For the year ended 31 March				
	2014	2013	2012	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	3,013,897	5,703,465	2,959,603	1,784,847	1,449,773
Profit before taxation	2,655,118	7,187,235	5,080,332	3,800,203	3,334,910
Taxation	(265,688)	(560,765)	(154,392)	(99,373)	(148,633)
Profit for the year	2,389,430	6,626,470	4,925,940	3,700,830	3,186,277
Attributable to:					
Owners of the Company	1,858,140	6,156,029	4,459,091	3,444,702	3,059,424
Non-controlling interests	531,290	470,441	466,849	256,128	126,853
	2,389,430	6,626,470	4,925,940	3,700,830	3,186,277

ASSETS AND LIABILITIES

	At 31 March				
	2014	2013	2012	2011	2010
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Total assets	43,313,955	37,803,653	33,005,564	25,285,173	19,281,613
Total liabilities	(15,780,169)	(12,346,965)	(13,789,251)	(10,725,623)	(8,366,227)
	27,533,786	25,456,688	19,216,313	14,559,550	10,915,386
Equity attributable to:					
Owners of the company	24,952,580	23,348,384	17,495,301	13,212,261	9,394,224
Non-controlling interests	2,581,206	2,108,304	1,721,012	1,347,289	1,521,162
	27,533,786	25,456,688	19,216,313	14,559,550	10,915,386

SUMMARY OF PROPERTIES

Particulars of the Group's major investment properties and properties under development as at 31 March 2014 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, 903, 1103, 1104, 1206, 1207, 1505, 1605, 1607, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1802, 1803, 1807, 2001, 2002, 2006, 2007, 2101 and 2102 Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	Office	47,705 (G)	–	100
6.	Shops on Basement One and Two, G/F-4/F, Some Commercial Units on 23/F-29/F, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong	Commercial/ Office	147,400 (G)	36	100
7.	Ground Floor and 1st Floor 523 Lockhart Road, Causeway Bay, Hong Kong	Commercial	1,850 (G)	–	100

SUMMARY OF PROPERTIES

INVESTMENT PROPERTIES – continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
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
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	21,720 (G)	–	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

SUMMARY OF PROPERTIES

INVESTMENT PROPERTIES – continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
16.	G/F, Portion B, 63-69 Avenida do Infante D. Henrique and Shop C2 on G/F No. 5 Rua Dr. Pedro Jose Lobo Macau	Commercial	1,600 (G)	–	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 Wall, 525 Shanghai Street, Mongkok, Kowloon	Commercial	5,549 (G)	–	100
19.	Unit C, 6/F, CNT Tower Wanchai, Hong Kong	Office	940 (G)	–	100
20.	B/F, G/F, 1-4/F of Block A, No. 201-209 Avenida De Almeida Riberiro, No. 1-3 Pario Das Esquinas, Macau	Commercial	15,788 (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.	54-56 Russell Street, Causeway Bay, Hong Kong	Commercial/ Residential	10,868 (G)	–	100
26.	G/F, 20 Russell Street, Causeway Bay, Hong Kong	Shops	1,125 (G)	–	100
27.	Fitfort, 560 King's Road, North Point, Hong Kong	Shops/ Carparks	136,213 (G)	353	100
28.	Shop C & D, G/F and Units A and B, 1/F, Mercantile House, Kowloon	Shops	2,720 (G)	–	100
29.	G/F, 76 Percival Street, Hong Kong	Shops	600 (G)	–	100

SUMMARY OF PROPERTIES

INVESTMENT PROPERTIES – continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
30.	Shop A & B on G/F, Office A & B on 1/F, Tak Fat Building, 50 – 52 Russell Street, Hong Kong	Shops/ Office	3,720 (G)	–	100
31.	Shops on G/F, The Java, 98 Java Road, Hong Kong	Shops	4,435 (G)	–	100
32.	Shops on G/F & 1/F, 18 Upper East, 18-36 Shing On Street, Hong Kong	Shops	11,738 (G)	–	100
33.	Shops on G/F & 1/F, The Prince Place, 396-400 Prince Edward Road West, Kowloon	Shops	6,320 (G)	–	100
34.	G/F, 67 Wellington Street, Hong Kong	Shops	950 (G)	–	100
35.	G/F, 12 Matheson Street, Hong Kong	Shops	812 (G)	–	100
36.	Flat B, G/F, Hon Kwong Mansion, 25-29 Hankow Road & 4 Ichang Street, Kowloon	Shops	800 (G)	–	100
37.	Shop C, G/F, Daily House, 35, 36 & 37 Haiphong Road, Kowloon	Shops	750 (G)	–	100
38.	Shop 33A on G/F and M/F, Tsimshatsui Mansion, 83-97 Nathan Road, 36-50 Lock Road, Kowloon	Shops	800 (G)	–	100
39.	60 Gloucester Road, Wanchai, Hong Kong	Shops/ Office	96,000 (G)	30	100
40.	30 Beach Road, Repulse Bay, Hong Kong	Commercial/ Shops	167,000 (G)	97	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.	22-24 Russell Street Causeway Bay Hong Kong	Shops	2,337	7,824	Foundation In progress	2015	–	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	2017	–	Note
4.	Nos. 71-85, Avenida do Infante D. Henrique and Nos. 514-540 Avenida da Praia Grande, Macau	Commercial	5,404	29,590	Site	2015	–	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.

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

SUMMARY OF PROPERTIES

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.	TMTL 436, Kwun Fat Street, Siu Lam, Tuen Mun, New Territories	Residential	97,091	39,000	Foundation work in progress	2015	–	100
4.	TMTL 490, Tai Lam, Tuen Mun, New Territories	Residential	29,000	22,000	Site	2017	–	100