英皇娛樂酒店有限公司

Emperor Entertainment Hotel Limited

Incorporated in Bermuda with limited liability
Stock Code: 296

Unlock the secret of luxury

Annual Report 2009/2010

Contents

Corporate Information and Key Dates

DIRECTORS

Luk Siu Man, Semon* (Chairperson)
Wong Chi Fai
Fan Man Seung, Vanessa
Mok Fung Lin, Ivy
Chan Sim Ling, Irene**
Chan Wiling, Yvonne**
Wan Choi Ha**

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

COMPANY SECRETARY

Mok Fung Lin, Ivy

AUDIT COMMITTEE

Chan Sim Ling, Irene (Chairperson)
Chan Wiling, Yvonne
Wan Choi Ha

REMUNERATION COMMITTEE

Wong Chi Fai (Chairman)
Chan Sim Ling, Irene
Chan Wiling, Yvonne

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL OFFICE

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

REGISTRAR (in Bermuda)

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

REGISTRAR (in Hong Kong)

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

BANKERS

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

WEBSITE

http://www.emp296.com

STOCK CODE

296

KEY DATES

Annual Results Announcement	28th June, 2010
Record Date for Final Dividend	13th August, 2010
Closure of Register of Members	16th August, 2010 to 17th August, 2010 (both days inclusive)
Annual General Meeting	18th August, 2010
Payment of Final Dividend	On or around 17th September, 2010

Financial Highlights

	2010 HK$'000	2009 HK$'000
For the year ended 31st March		
Revenue	**990,204**	791,456
EBITDA:		
Before minority interests	**391,382**	251,637
After minority interests	**261,730**	125,958
Gain (loss) on fair value change in investment properties	**569,118**	(139,300)
Profit for the year attributable to owners of the Company	**587,278**	28,852
Earnings per share – Basic and diluted	**HK$0.50**	HK$0.03

Chairperson's Statement

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") is principally engaged in the provision of entertainment and hospitality services in Macau.

During the year ended 31st March, 2010 (the "Year"), the gaming industry in Macau, the biggest market in the world, saw sustaining growth despite continuous decline in worldwide markets. Amidst the exuberating market environment, the Group has made an adjustment to its gaming operation so as to optimally position itself in the industry. The Group has tightened its corporate policy in credit control to limit the risk of bad debt despite the high profitability of VIP rooms. It has strategically focused more on the less competitive mass market. Gaming concourse area has been enlarged and renovated during the Year to cater for walk-in customers, whose steady and low risk contributions to the Group has been considered to be of the greatest benefit to its shareholders.

The Group has also taken steps to enhance customer satisfaction. Limousine service to and from home towns of VIP customers on the Pearl River Delta has been launched, while ferry tickets to various destinations have been made available for sale for regular customers' convenience. The Group has been proud to be able to distinguish itself in the market with such personalized services.

During the Year, the Group has achieved substantial growth in its gaming revenue, demonstrating that the Group's efforts and responsive actions in the changing market have paid off.

The Group together with one of its major shareholders, Emperor International Holdings Limited ("EIHL"), have been keeping an optimistic view of the Macau market with China's robust economic growth in the long term. On the one hand, the Group raised its holding in the Grand Emperor Hotel (the "Hotel") in Macau from 50% to 60% in August 2009, while EIHL on the other hand has increased its stake in the Group to approximately 56%, becoming the Group's controlling shareholder.

The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) and after minority interests have amounted to approximately HK$261.7 million during the Year (2009: HK$126.0 million), representing a surge of 108%.

Profit attributable to shareholders of the Company has been HK$587.3 million (2009: HK$28.9 million). Earnings per share have been HK$0.50, compared with HK$0.03 in 2009.

During the Year, the Group has recognised a gain on the fair value change of its completed investment properties in Macau of approximately HK$21.4 million (2009: loss of HK$139.3 million). Its investment property under development in Yu Yuan, Shanghai has recorded a revaluation gain of approximately HK$547.7 million (2009: Nil) due to a change in the accounting policy.

The Group has also paid off all bank borrowings during the Year, optimizing its financial position and minimizing its exposure to interest rate risk.

Business Review

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

Gaming and Hotel Operations

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

During the Year, the Group has recorded revenue of HK$990.2 million (2009: HK$791.5 million) from its operations in Macau.

Gaming Revenue

The Group's casino operation is run by licence holder Sociedade de Jogos de Macau, S.A. During the Year, the Group has adjusted its strategy to focus more on the less competitive mass market and lessen the pressure from new casinos, capacity expansion of existing casinos.

Gaming revenue for the Year has amounted to HK$834.7 million (2009: HK$602.6 million), accounting for approximately 84.3% (2009: 76.1%) of the Hotel's total revenue.

Gaming Concourse

It contributed a gross win of HK$917.5 million (2009: HK$709.1 million). With one additional table in the Year, there are now 60 tables. Gaming concourse area on 4th floor has been renovated to increase its draw to mass market. Revenue has amounted to approximately HK$463.1 million (2009: HK$292.0 million).

Slot Machines

During the Year, this sector has recorded a gross win of approximately HK$84.6 million (2009: HK$90.0 million). As at 31st March, 2010, there were a total of 330 slot seats in the Hotel. Revenue has maintained at HK$35.9 million (2009: HK$36.0 million).

VIP Rooms

The Group self-manages two VIP rooms with 14 tables in total. The VIP rooms have had rolling of approximately HK$18.4 billion (2009: HK$19.4 billion). Revenue has been approximately HK$335.7 million (2009: HK$274.6 million).

Hotel Revenue

While the Group has achieved significant improvement in its gaming revenue after the business adjustment, its non-gaming revenue has been in line with the continuous decrease in the number of tourists during the Year. The Hotel has recorded approximately HK$155.5 million (2009: HK$188.9 million) non-gaming revenue, amounting to approximately 15.7% (2009: 23.9%) of the Hotel's total revenue, comprising mainly contributions from hotel rooms, food and beverage, as well as rental income from sauna, night club, a leased-out VIP room and retail space on the ground floor of the Hotel.

The Hotel's 291 guest rooms have received an average daily rate of approximately HK$805 and maintained occupancy of 80.5% (2009: HK$830 and 78%) during the Year. Room revenue has been approximately HK$65.3 million (2009: HK$74.8 million), revenue from food and beverage has been approximately HK$60.5 million (2009: HK$65.8 million), while rental revenue from sauna, night club, a leased-out VIP room and retail space has been approximately HK$29.7 million (2009: a HK$48.3 million).

Property Development

This segment has recorded no revenue during the Year, as its property project in Shanghai has remained under development. Located in Yu Yuan, Shanghai, the property will be developed into a shopping arcade and hotel/service apartment complex on a 246,200 square-foot prime site. The main body of the complex will be a multi-storey shopping arcade, and the entire project is expected to have a total gross area of 1,298,500 square feet. A new Shanghai M10 subway route will be adjacent to the subject site.

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

The project, located in an established tourist area of Shanghai, is expected to generate stable rental revenue for the Group.

Outlook

The Group believes in the future growth of Macau's economy and in particular its tourist industry. The continuous growth in China's economy, the soundness and stability of which has been further confirmed after the financial turmoil in 2008, is expected to benefit the Macau economy in the long term and provide promising outlook and business environment for the Group.

To thrive in a highly competitive market, the Group will continue to capitalize on its brand awareness in China due to its long-time presence and popularity of its associate companies under Emperor Group to expand its market share in tourists from the Mainland. It will also maintain its flexibility and adaptability and react to the changing market conditions in a prompt and timely manner.

The Group positions itself, with the operation of the Hotel, as a full-scale entertainment vehicle and hopes to enjoy continuing contributions from gaming and ancillary businesses. The upgrade of gaming concourse is expected to further secure increasing and stable contribution from the mass market amid intensifying competition in the VIP market. The management will closely monitor the market development and seek to react in advance to any foreseeable transformations and charges in the industry.

Acquisition of Additional Interest in a Subsidiary

On 7th July, 2009, Great Assets Holdings Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Worthly Strong Investment Limited ("Worthly Strong"), an indirect wholly-owned subsidiary of EIHL, for acquisition of additional 10% interest in Luck United Holdings Limited ("Luck United") and the entire shareholder's loan due from Luck United to Worthly Strong (the "Acquisition"). The Acquisition was completed on 28th August, 2009 and its aggregate consideration amounted to approximately HK$199.5 million, out of which HK$196.9 million was satisfied by the issue and allotment of 281,322,857 shares of the Company at an issue price of HK$0.70 per share, as agreed between the parties to the Acquisition, and the balance of approximately HK$2.6 million was settled by way of cash payment. According to the market price of the shares of the Company at the date of completion of HK$0.79 per share, the 281,322,857 shares allotted to Worthly Strong were valued at approximately HK$222.2 million and therefore the Group recorded goodwill of approximately HK$56.3 million as a result of the Acquisition. Luck United is an investment holding company with its subsidiaries holding the entire interest in the Hotel.

Immediately after the Acquisition, the Group holds 60% interest in Luck United while EIHL becomes an intermediate holding company of the Company.

Capital Structure

On 28th August, 2009, the Company issued and allotted 281,322,857 shares of the Company to Worthly Strong for the Acquisition. As a result, the share capital and share premium of the Company increased by approximately HK$28,000 and HK$222.2 million respectively.

Liquidity and Financial Resources

During the Year, the Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations and repaid the entire bank borrowings. As at 31st March, 2010, advances from a fellow subsidiary totaled approximately HK$2.4 million were denominated in Hong Kong dollars, unsecured, interest-free and repayable on demand. Advances from minority shareholders of a subsidiary of the Company were approximately HK$279.4 million, which were denominated in Hong Kong dollars, unsecured, interest-free and repayable only when the subsidiary has surplus fund.

The Group's current assets and current liabilities as at the end of the Year were approximately HK$889.5 million and HK$507.1 million respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total assets) decreased from 16.6% in the preceding financial year to 7.4%, which was mainly due to repayment of bank borrowings and increase in fair value of investment properties during the Year.

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. Bank balances and cash on hand of the Group as at 31st March, 2010 totaled approximately HK$573.4 million, which were mainly denominated in Hong Kong dollars and Macau Pataca. With the borrowings and bank balances and cash on hand denominated in Hong Kong dollars and Macau Pataca, the Group experienced no significant exposure to foreign exchange rate fluctuation during the Year.

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

Pledge of Assets

As at the end of the Year, assets with carrying values of approximately HK$1.4 billion were pledged to a bank as security for unutilised banking facilities available to the Group.

Contingent Liabilities

In October 2006, the Group commenced legal proceedings against the joint venture partner ("JV Partner") in Shanghai, the PRC, for termination of the joint venture agreement ("JV Agreement") in respect of the development of the Group's property in Shanghai as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totaling approximately RMB83.6 million (equivalent to approximately HK$95.1 million). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100 million (equivalent to approximately HK$113.7 million) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner's counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case was still in the progress as at the end of the Year.

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

Employees and Remuneration Policy

As at 31st March, 2010, the Group's number of employees was 965 as compared to 932 as at the end of the preceding financial year. Total staff costs including directors' remuneration for the Year were approximately HK$191.3 million (2009: HK$133.8 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2nd September, 2002. During the Year, the Company did not grant any option under the share option scheme and the outstanding share options as at the end of the Year was 10,000,000 share options which were granted to certain Directors in August 2005.

CORPORATE SOCIAL RESPONSIBILITIES

During the Year, the Group has encouraged its staff to serve the community through volunteering, charity donations and care for the environment.

In November 2009, the Group's staff has formed a team to join a volunteer tour to Wuhan, Hubei, led by Emperor Group, which aimed to show concern to the solitary elderly in the region. Volunteers including Emperor Entertainment Group artistes, Michelle and Kathy, have visited "Hubei Hong Kong Emperor Elderly Care Centre", a hospice care centre for solitary elderly funded by Emperor Foundation, and two other elderly homes in Wuhan. The volunteers have carried out some simple restoration works, organized parties and gave gifts like overcoats, wheelchairs and crutches. The Group's staff have also given great support to the Group's fundraising campaign for Haiti earthquake relief in January 2010.

The Group has continued to live up to the environment standards as what it took to win the "2008 Macao Green Hotel Award" last year.

The Group has been awarded the Caring Company Logo for the year 2009-2010 by Hong Kong Council of Social Service in recognition of its continuous contribution to society, after it was first awarded with the logo for the year 2008-2009.

Biographies of Directors and Senior Executives

Non-executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 54, joined the Company in March 2000 and acts as the Chairperson of the Company. She graduated from The University of Toronto with a Bachelor's Degree in Commerce. She worked in the banking industry for almost 10 years. Ms. Luk is also the non-executive director and chairperson of Emperor International Holdings Limited ("EIHL"), the holding company of the Company, the shares of which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). She resigned as a director of Dragonlott Entertainment Group Limited (formerly known as Emperor Entertainment Group Limited) ("DEG"), a company listed on the Growth Enterprise Market of the Stock Exchange, on 22nd March, 2010.

Executive Director

WONG CHI FAI, aged 54, joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. He is the Chairman of the Remuneration Committee of the Company. Mr. Wong is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of EIHL, New Media Group Holdings Limited ("NMG") and Emperor Watch & Jewellery Limited ("EWJ"), NMG and EWJ are companies listed on the Main Board of the Stock Exchange. He resigned as a director of DEG on 22nd January, 2010. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to hotel and hospitality, property investment and development, watch and jewellery retailing, entertainment as well as media.

Executive Director

FAN MAN SEUNG, VANESSA, aged 47, joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. She is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. Ms. Fan is also a director of EIHL, NMG and EWJ. She resigned as a director of DEG on 28th June, 2010. Besides having over 21 years of corporate management experience, she possesses diversified experience in different businesses including hotel and hospitality, property investment and development, financial and securities operations, watch and jewellery retailing, entertainment as well as media.

Executive Director and Company Secretary

MOK FUNG LIN, IVY, aged 45, joined the Company in 1993 as Legal Consultant and was appointed as Executive Director of the Company in February 2000. She is also the Company Secretary of the Company. She is a lawyer by profession in Hong Kong and the United Kingdom, and holds a Master's Degree in Business Administration. Ms. Mok is also an executive director and the company secretary of EIHL.

Independent Non-executive Director

CHAN SIM LING, IRENE, aged 47, was appointed as Independent Non-executive Director of the Company in May 1998. She is the Chairperson of the Audit Committee and a member of the Remuneration Committee of the Company. She graduated from The University of Hong Kong with a Bachelor's Degree in Laws in 1985.

Independent Non-executive Director

CHAN WILING, YVONNE, aged 45, was appointed as Independent Non-executive Director of the Company in September 2004. She is a member of the Audit Committee and the Remuneration Committee of the Company. Ms. Chan graduated from the Hong Kong Polytechnic University in 1987 majoring in accountancy. She obtained a Master's Degree in Business Administration from Heriot-Watt University in Scotland in 1996. She is a fellow member of the Association of Chartered Certified Accountants and an associate of the Hong Kong Institute of Certified Public Accountants. She previously worked in two international accounting firm, Touche Ross & Co. and Ernst & Young and has about 20 years of experience in accounting, auditing and information security fields.

Independent Non-executive Director

WAN CHOI HA, aged 42, was appointed as Independent Non-executive Director of the Company in February 2006. She is a member of the Audit Committee of the Company. Ms. Wan is a solicitor qualified in Hong Kong. She holds a Bachelor's Degree in Laws from The University of Hong Kong. She has been practicing in Hong Kong for more than 10 years and is a principal partner of a law firm.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company's principal activity is investment holding and the activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group and the dividends paid and proposed for the Year are set out in the consolidated statement of comprehensive income on page 27 and note 13 to the consolidated financial statements respectively.

The Directors recommended the payment of a final dividend of HK$0.048 per share (2009: HK$0.018 per share) for the Year amounting to approximately HK$62,042,000 subject to the approval of the shareholders at the forthcoming annual general meeting.

Record date for final dividend:	13th August, 2010
Annual General Meeting date:	18th August, 2010
Final dividend payment date:	On or around 17th September, 2010

INVESTMENT PROPERTIES

As at 31st March, 2010, the Group revalued all of its investment properties on a market basis at HK$1,617,800,000. The increase in fair value of HK$569,118,000 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 15 to the consolidated financial statements.

A summary of investment properties of the Group as at 31st March, 2010 is set out on page 68.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of HK$50,018,000.

Details of changes in the property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

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

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

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

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

The Company's reserves available for distribution to shareholders as at 31st March, 2010 represent the aggregate of contributed surplus and accumulated profits amounting to HK$1,272,093,000 (2009: HK$1,332,341,000).

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

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

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

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

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

In accordance with Bye-law 87 of the Company's Bye-laws, all Directors, would retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

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

As at 31st March, 2010, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

(a) Long position interests in the Company

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

Name of Director	Capacity/nature of interests	Number of issued ordinary shares held	Approximate percentage holding
Ms. Semon Luk	Family	743,227,815 *(Note 1)*	57.5%

(ii) Share options

Name of Director	Capacity/nature of interests	Number of options/underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	Beneficial owner	5,000,000 *(Note 2)*	0.39%
Ms. Fan Man Seung, Vanessa	Beneficial owner	5,000,000 *(Note 2)*	0.39%

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

(a) Long position interests in the Company – continued

Notes:

1. 743,227,815 shares of the Company were held by Worthly Strong which was indirect wholly-owned by EIHL. EIHL was a company with its shares listed in Hong Kong and approximately 69.80% of the issued share capital of EIHL as at 31st March, 2010 were held by Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by Million Way Holdings Limited ("Million Way") which was wholly-owned by STC International Limited ("STC International"), the trustee of The Albert Yeung Discretionary Trust ("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, was deemed to be interested in the said shares held by Worthly Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

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

(b) Long position in shares/underlying shares of associated corporation

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

Name of Director	Name of associated corporation	Capacity	Number of issued ordinary share(s) held	Approximate percentage holding
Ms. Semon Luk	Worthly Strong *(Note 1)*	Family	100	100%
	Million Way *(Note 1)*	Family	1	100%
	Charron *(Note 2)*	Family	1	100%
	Eternally Smart Limited *(Note 2)*	Family	1	100%
	EIHL *(Note 2)*	Family	2,071,851,364	69.8%
	Surplus Way Profits Limited ("Surplus Way") *(Note 3)*	Family	1	100%
	DEG *(Note 3)*	Family	207,919,714	59.31%
	Velba Limited ("Velba") *(Note 4)*	Family	1	100%
	NMG *(Note 4)*	Family	450,000,000	75%
	Allmighty Group Limited ("Allmighty Group") *(Note 5)*	Family	100	100%
	EWJ *(Note 5)*	Family	3,409,480,000	65.38%

(ii) Share options

Name of Director	Name of associated corporation	Capacity/nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	EIHL	Beneficial owner	15,000,000 *(Note 6)*	0.51%
Ms. Fan Man Seung, Vanessa	EIHL	Beneficial owner	15,000,000 *(Note 6)*	0.51%
Ms. Mok Fung Lin, Ivy	EIHL	Beneficial owner	2,500,000 *(Note 6)*	0.08%

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

(b) Long position in shares/underlying shares of associated corporation – continued

Notes:

1. Worthly Strong was the substantial shareholder of the Company. The entire issued share capital of Worthly Strong was ultimately held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the respective share capital of Worthly Strong and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director, was also deemed to be interested in the aforesaid share capital.

2. EIHL is a company with its shares listed in Hong Kong; 2,071,851,364 shares were held by Charron. Eternally Smart is a wholly-owned subsidiary of Charron. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and the aforesaid shares in EIHL held by Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

3. DEG is a company with its shares listed in Hong Kong; 207,919,714 shares refer to (a) 183,634,000 shares of DEG held by Surplus Way and (b) 24,285,714 conversion shares of DEG to be held by Surplus Way, assuming its full exercise of the outstanding convertible bonds issued by DEG. The entire issued share capital of Surplus Way was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Surplus Way and the aforesaid shares in DEG held by Surplus Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

4. NMG is a company with its shares listed in Hong Kong; 450,000,000 shares of NMG were held by Velba. The entire issued share capital of Velba was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Velba and the aforesaid shares in NMG held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

5. EWJ is a company with its shares listed in Hong Kong; 3,409,480,000 shares of EWJ were held by Allmighty Group. The entire issued share capital of Allmighty Group was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as the founder of the AY Trust, was deemed to be interested in the share capital of Allmighty Group and the aforesaid shares in EWJ held by Allmighty Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

6. Share options granted to the directors under the share option scheme of EIHL.

Save as disclosed above, as at 31st March, 2010, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

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

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

Name of grantee	Date of grant	Exercisable period	Exercise price of the share options	Number of options outstanding as at 1st April, 2009 and 31st March, 2010
Mr. Wong Chi Fai	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000
Ms. Fan Man Seung, Vanessa	11th August, 2005	11th August, 2005 to 10th August, 2015	HK$2.2	5,000,000

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

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

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2010, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

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

Name of shareholder	Capacity/nature of interests	Number of issued ordinary shares interested in or deemed to be interested	Approximate percentage holding
EIHL *(Note)*	Interest in a controlled corporation	743,227,815	57.5%
Charron *(Note)*	Interest in a controlled corporation	743,227,815	57.5%
Million Way *(Note)*	Interest in a controlled corporation	743,227,815	57.5%
STC International *(Note)*	Trustee	743,227,815	57.5%
Dr. Albert Yeung *(Note)*	Founder of the AY Trust	743,227,815	57.5%
John Zwaanstra	Interest in a controlled corporation	130,435,000	10.09%
Penta Investment Advisers Limited	Investment manager	130,435,000	10.09%

Note: The 743,227,815 shares were held by Worthly Strong which was indirectly wholly-owned by EIHL. EIHL was a company with its shares listed in Hong Kong and approximately 69.8% of its issued share capital was held by Charron as at 31st March, 2010. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the said shares held by Worthly Strong. The above shares were the same shares as those set out in "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

Save as disclosed above, as at 31st March, 2010, the Directors were not aware of any person or corporation (other than the Directors and chief executive of the Company) who had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected persons of the Company:

(a) Connected Transaction

On 7th July, 2009, Worthly Strong, a substantial shareholder of the Company, entered into a sale and purchase agreement ("S&P Agreement") with Great Assets Holdings Limited ("Great Assets"), an indirect wholly-owned subsidiary of the Company, for the acquisition of (i) the 1,000 shares ("Sale Shares") of US$1.00 each in the share capital of Luck United, representing 10% of the entire issued share capital of Luck United and (ii) all outstanding loans due from Luck United to Worthly Strong as at the date of completion of the S&P Agreement ("Worthly Strong Loan") by Great Assets from Worthly Strong. The total consideration for the Sale Shares and the Worthly Strong Loan was HK$199,477,737, out of which HK$196,926,000 was satisfied by the issue and allotment of 281,322,857 shares of the Company at an issue price of HK$0.70 per share, as agreed between the parties and the remaining balance of HK$2,551,737 was settled by the Company by way of cash payment on the completion date of 28th August, 2009. According to the market price of the shares of the Company at the date of completion of HK$0.79 per share, the 281,322,857 shares issued and alloted to Worthly Strong were valued at HK$222,245,057. Worthly Strong, a connected person of the Company within the meaning of the Listing Rules, was deemed to be interested in the transaction and the S&P Agreement constituted a major and connected transaction for the Company. Ms. Semon Luk, a Director, has material interest in this transaction by virtue of having deemed interest in Worthly Strong as mentioned in "Directors' and Chief Executives' Interests and Short Positions in Securities" above. The Company made an announcement on 7th July, 2009 and obtained the approval of independent shareholders in the special general meeting held on 27th August, 2009.

(b) Continuing Connected Transactions

(i) Provision of services for the gaming area of the Grand Emperor Hotel

On 19th February, 2010, Tin Hou Limited ("Tin Hou"), an indirect wholly-owned subsidiary of the Company, entered into an agreement ("Agreement") with Sociedade de Jogos de Macau, S.A., ("SJM"), a company incorporated under the laws of Macau, for the provision of services or obligations comprising the management services and the promotion services to SJM by Tin Hou from 1st October, 2009 until the termination: (i) by either party or on the expiration of SJM's gambling license under the Gaming Concession Contract on 31st March, 2020 or (ii) any earlier termination thereof; or (iii) winding up or cessation of business of either party. In consideration for the provision of services, Tin Hou together with the nominated junket promoter which is a fellow subsidiary of Tin Hou and wholly owned by the Company shall be entitled to a share of the gross win and gross loss in respect of the monthly operating performance of the gaming area located at the Grand Emperor Hotel and shall bear all necessary operational expenses in relation to the operation of the gaming area. During the Year, the Group's net receipt under the Agreement was amounted to HK$448,596,758. SJM has a 19.99% equity interest in Luck United, a company indirectly owned as to 60% by the Company, and was therefore a substantial shareholder of a subsidiary of the Company. Accordingly, SJM is a connected person of the Company within the meaning of the Listing Rules and the Agreement constituted a continuing connected transaction for the Company. The Company made an announcement on 19th February, 2010 and obtained the approval of independent shareholders in the special general meeting held on 29th April, 2010.

(ii) Leasing of the Group's hotel property for the operation of the counter-party

Name of counterparty	Date of agreement	Location	Term	Amount of rental received during the Year
EWJ Watch and Jewellery Company Limited ("EWJ Macau") *(Note)*	2nd June, 2008	Shop No. 5, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1st July, 2008 – 30th June, 2011: HK$109,200 per month	HK$1,237,600
EWJ Macau	25th March, 2009	Shop Nos. 1 to 4, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau	1st April, 2009 – 31st March, 2012: HK$235,000 per month	HK$2,702,500

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

(b) Continuing Connected Transactions – continued

(ii) Leasing of the Group's hotel property for the operation of the counter-party – continued

Note: EWJ Macau was an indirect wholly-owned subsidiary of EWJ. EWJ was indirectly owned as to about 65.38% by the AY Trust which is founded by Dr. Albert Yeung, a deemed substantial shareholder of the Company.

The above transactions represent the "Rental income from related companies" of HK$3,940,000 as shown in note 35 for "Related Party Transactions" to the consolidated financial statements and constituted non-exempt continuing connected transactions for the Company under Rule 14A of the Listing Rules and are subject to reporting and announcement requirements under the Listing Rules but are exempted from the independent shareholder's approval requirements. The Company made announcements on 2nd June, 2008 and 25th March, 2009.

Agreed upon procedures performed by the Auditor of the Company

Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditor of the Company to perform certain agreed upon procedures in respect of the above continuing connected transactions of the Group and the auditor reported the factual findings on these procedures to the Board. The procedures were performed solely to assist the Directors to evaluate whether the continuing connected transactions entered into by the Group for the year ended 31st March, 2010:

(i) have received the approval of the Board;

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

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

(iv) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties.

Confirmation of Independent Non-executive Directors

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

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

(ii) on normal commercial terms; and

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

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.

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the five largest customers of the Group accounted for approximately 89.3% of the revenue of the Group. The largest customer accounted for approximately 86.8% of the Group's revenue and is the operator of VIP rooms, mass market halls and slot machine hall who paid fee for the services rendered by the Group.

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

Save as disclosed above, none of the Directors, their associates or any shareholders which, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, has a beneficial interest in the share capital of any of the above major customers and suppliers of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the Independent Non-executive Directors, an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules on the Stock Exchange. The Company considers all of the Independent Non-executive Directors are independent.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 21 to 25.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Luk Siu Man, Semon
Chairperson
Hong Kong
28th June, 2010

Corporate Governance Report

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

THE BOARD

Board Composition

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

As at 31st March, 2010, the Board comprised seven Directors (one Non-executive Director who is also the Chairperson of the Company, three Executive Directors and three Independent Non- executive Directors). The biographies of the Directors are set out on page 12 of this annual report under the "Biographies of Directors and Senior Executives" Section.

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors of the Company.

Management Functions

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

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

Independent Non-executive Directors

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

The Independent Non-executive Directors were appointed for an initial term of one year up to 31st December, 2008 and continued thereafter on a yearly basis unless being terminated by notice in writing served by either party. Pursuant to the Bye-laws of the Company, all Directors for the time being shall retire from office at each annual general meeting and being eligible for re-election.

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

THE BOARD – Continued

Board Meetings

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

Name of Director	Meetings attended/ No. of Board meeting	Attendance rate
Non-executive Director		
Luk Siu Man, Semon (Chairperson)	7/7	100%
Executive Directors		
Wong Chi Fai	7/7	100%
Fan Man Seung, Vanessa	7/7	100%
Mok Fung Lin, Ivy	7/7	100%
Independent Non-executive Directors		
Chan Sim Ling, Irene	7/7	100%
Chan Wiling, Yvonne	7/7	100%
Wan Choi Ha	7/7	100%

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

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

Directors' Securities Transactions

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

Delegation by the Board

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

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

1. *Audit Committee*

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

THE BOARD – Continued

Delegation by the Board – continued

1. *Audit Committee – continued*

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

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

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

i. reviewed with senior management and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the year ended 31st March, 2009 and for the six months ended 30th September, 2009 respectively;

ii. approved the audit fees for the financial year 2008-2009;

iii. met with the external auditor and reviewed their work and findings relating to the annual audit for the year ended 31st March, 2009 and reviewed the effectiveness of the audit process;

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

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

vi. approved the 2010 audit plans for the Year, reviewed the external auditor's independence and recommended to the Board on the re-appointment of external auditor; and

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

2. *Remuneration Committee*

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

The Remuneration Committee convened two meetings during the Year with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meeting	Attendance rate
Wong Chi Fai (Chairman)	2/2	100%
Chan Sim Ling, Irene	2/2	100%
Chan Wiling, Yvonne	2/2	100%

THE BOARD – Continued

Delegation by the Board – continued

2. Remuneration Committee – continued

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

i. reviewed the remuneration structure/package of the Non-executive Directors and made recommendation to the Board on their remuneration; and

ii. reviewed and determined the remuneration structure/package of the Executive Directors.

Emolument Policy

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

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

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge that it is their responsibilities to prepare the accounts of the Group and other financial disclosures required under the Listing Rules and the management has provided information and such explanation 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 financial statements are prepared on a "going concern" basis. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report.

Internal Controls

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

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

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

The Audit Committee assists the Board in evaluating the effectiveness of the system and has made recommendation to the Board that the management has discharged its duty to have an effective internal control system.

COMMUNICATION WITH SHAREHOLDERS

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

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

The Company's notice to shareholders for the 2009 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to shareholders at least 10 clear business days before the meetings.

The Chairperson of the annual general meeting and chairman/member of the Audit Committee and Remuneration Committee were available at the annual general meeting held on 3rd September, 2009. The chairman/member of the independent board committee was also available at the special general meetings held on 27th August, 2009 and 29th April, 2010 to answer questions from the independent shareholders of the Company for approval of connected transactions.

The Chairpersons of the meetings had explained the procedures for conducting a poll during the general meetings.

AUDITOR'S INDEPENDENCE AND REMUNERATION

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

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

Service rendered	**Fees paid/payable**
	HK$'000
Audit service	2,732
Non-audit service	536

Deloitte.
德勤

TO THE MEMBERS OF EMPEROR ENTERTAINMENT HOTEL LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 27 to 66, which comprise the consolidated statement of financial position as at 31st March, 2010, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28th June, 2010

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2010

	Notes	2010 HK$'000	2009 HK$'000
Revenue	7	**990,204**	791,456
Cost of sales		**(29,601)**	(34,197)
Cost of hotel and gaming operations		**(274,706)**	(201,780)
Gross profit		**685,897**	555,479
Other income		**8,171**	11,938
Gain (loss) on fair value change in investment properties		**569,118**	(139,300)
Impairment loss recognised in respect of goodwill	19	**(18,301)**	–
Selling and marketing expenses		**(265,147)**	(247,668)
Administrative expenses		**(129,020)**	(148,205)
Finance costs	9	**(17,674)**	(26,535)
Profit before taxation	10	**833,044**	5,709
Taxation	12	**(177,138)**	(7,784)
Profit (loss) for the year		**655,906**	(2,075)
Other comprehensive income:			
Exchange differences arising on translation of foreign operations		**1,331**	6,726
Revaluation gain on hotel property upon transfer to investment properties		**–**	19,268
Deferred tax on revaluation gain on hotel property upon transfer to investment properties		**–**	(2,312)
Other comprehensive income for the year (net of tax)		**1,331**	23,682
Total comprehensive income for the year		**657,237**	21,607
Profit (loss) for the year attributable to:			
Owners of the Company		**587,278**	28,852
Minority interests		**68,628**	(30,927)
		655,906	(2,075)
Total comprehensive income attributable to:			
Owners of the Company		**588,609**	44,056
Minority interests		**68,628**	(22,449)
		657,237	21,607
Earnings per share	14		
Basic and diluted		**HK$0.50**	HK$0.03

Consolidated Statement of Financial Position

At 31st March, 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Investment properties	15	**1,617,800**	426,400
Property, plant and equipment	16	**931,646**	967,540
Prepaid lease payments	17	**245,479**	296,534
Property under development	18	**–**	570,962
Deposits paid for acquisition of property, plant and equipment		**5,257**	518
Goodwill	19	**110,960**	72,938
		2,911,142	2,334,892
Current assets			
Inventories, at cost		**6,741**	4,881
Trade and other receivables	20	**302,637**	320,568
Prepaid lease payments	17	**6,446**	7,742
Pledged bank deposit	21	**300**	300
Bank balances and cash	21	**573,398**	527,380
		889,522	860,871
Current liabilities			
Trade and other payables	22	**290,944**	351,401
Amount due to a fellow subsidiary	23	**2,435**	–
Amounts due to related companies	24	**–**	2,800
Amounts due to minority shareholders of a subsidiary	25	**117,028**	153,531
Taxation payable		**96,686**	65,580
Secured bank borrowings – amounts due within one year	26	**–**	44,604
		507,093	617,916
Net current assets		**382,429**	242,955
Total assets less current liabilities		**3,293,571**	2,577,847

Consolidated Statement of Financial Position (Continued)

At 31st March, 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current liabilities			
Amounts due to minority shareholders of a subsidiary	25	**162,334**	203,871
Secured bank borrowings – amounts due after one year	26	**–**	126,954
Deferred taxation	27	**215,779**	69,747
		378,113	400,572
		2,915,458	2,177,275
Capital and reserves			
Share capital	28	**129**	101
Reserves	30	**2,471,991**	1,716,745
Equity attributable to owners of the Company		**2,472,120**	1,716,846
Minority interests	31	**443,338**	460,429
		2,915,458	2,177,275

The consolidated financial statements on pages 27 to 66 were approved and authorised for issue by the Board of Directors on 28th June, 2010 and are signed on its behalf by:

Wong Chi Fai
Director

Fan Man Seung, Vanessa
Director

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2010

	Attributable to owners of the Company											
	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000 *(note 30(a))*	Property revaluation reserve HK$'000	Share option reserve HK$'000	Legal reserve HK$'000 *(note 30(b))*	Translation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st April, 2008	101	188,585	668	868,583	–	3,964	287	55,246	595,805	1,713,239	479,875	2,193,114
Revaluation gain on hotel property upon transfer to investment properties	–	–	–	–	9,634	–	–	–	–	9,634	9,634	19,268
Deferred tax on revaluation gain on hotel property upon transfer to investment properties	–	–	–	–	(1,156)	–	–	–	–	(1,156)	(1,156)	(2,312)
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	6,726	–	6,726	–	6,726
Profit (loss) for the year	–	–	–	–	–	–	–	–	28,852	28,852	(30,927)	(2,075)
Total comprehensive income for the year	–	–	–	–	8,478	–	–	6,726	28,852	44,056	(22,449)	21,607
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary *(note 25)*	–	–	–	–	–	–	–	–	–	–	3,003	3,003
2008 final dividend paid in cash	–	–	–	(40,449)	–	–	–	–	–	(40,449)	–	(40,449)
At 31st March, 2009	101	188,585	668	828,134	8,478	3,964	287	61,972	624,657	1,716,846	460,429	2,177,275
Exchange difference arising on translation of foreign operations recognised directly in equity	–	–	–	–	–	–	–	1,331	–	1,331	–	1,331
Profit for the year	–	–	–	–	–	–	–	–	587,278	587,278	68,628	655,906
Total comprehensive income for the year	–	–	–	–	–	–	–	1,331	587,278	588,609	68,628	657,237
Issue of shares	28	222,217	–	–	–	–	–	–	–	222,245	–	222,245
Arising on acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	–	–	(96,384)	(96,384)
Deemed capital contribution arising from changes in cash flow estimates on amounts due to minority shareholders of a subsidiary *(note 25)*	–	–	–	–	–	–	–	–	–	–	10,665	10,665
2009 final dividend paid in cash	–	–	–	(23,266)	–	–	–	–	–	(23,266)	–	(23,266)
2010 interim dividend paid in cash	–	–	–	(32,314)	–	–	–	–	–	(32,314)	–	(32,314)
At 31st March, 2010	**129**	**410,802**	**668**	**772,554**	**8,478**	**3,964**	**287**	**63,303**	**1,211,935**	**2,472,120**	**443,338**	**2,915,458**

Consolidated Statement of Cash Flows

For the year ended 31st March, 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Profit before taxation		**833,044**	5,709
Adjustments for:			
Interest income		**(638)**	(3,598)
Interest expenses		**2,066**	8,344
Imputed interest expense		**15,608**	18,191
Depreciation of property, plant and equipment		**85,673**	77,236
Allowance for bad and doubtful debts		**–**	36,344
Release of prepaid lease payments		**6,446**	6,456
(Gain) loss on fair value change in investment properties		**(569,118)**	139,300
Impairment loss recognised in respect of goodwill		**18,301**	–
Loss on disposal of property, plant and equipment		**136**	498
Operating cash flows before movements in working capital		**391,518**	288,480
(Increase) decrease in inventories		**(1,860)**	69
Decrease in trade and other receivables		**17,933**	320,312
Decrease in trade and other payables		**(61,020)**	(111,450)
Increase in amount due to a fellow subsidiary		**2,435**	–
Decrease in amounts due to related companies		**(2,800)**	(4,378)
Net cash generated from operating activities		**346,206**	493,033
Cash flows from investing activities			
Interest received		**638**	3,598
Additions to property, plant and equipment		**(49,500)**	(31,698)
Additions to investment properties		**(3,533)**	–
Additions to property under development		**–**	(3,568)
Deposits paid for acquisition of property, plant and equipment		**(5,257)**	(518)
Increase in pledged bank deposit		**–**	(300)
Proceeds on disposal of property, plant and equipment		**105**	33
Acquisition of additional interest in a subsidiary	28	**(3,445)**	–
Net cash used in investing activities		**(60,992)**	(32,453)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31st March, 2010

	2010 HK$'000	2009 HK$'000
Cash flows from financing activities		
Dividend paid	**(55,580)**	(40,449)
Advances from related companies	**–**	303
Repayments of bank borrowings	**(171,558)**	(41,891)
Interest paid	**(2,066)**	(8,344)
Repayments to minority shareholders of a subsidiary	**(10,000)**	(32,500)
Net cash used in financing activities	**(239,204)**	(122,881)
Net increase in cash and cash equivalents	**46,010**	337,699
Cash and cash equivalents at the beginning of the year	**527,380**	189,280
Effect of foreign exchange rate changes	**8**	401
Cash and cash equivalents at the end of the year	**573,398**	527,380
Analysis of balance of cash and cash equivalents at the end of the year		
Bank balances and cash	**573,398**	527,380

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report. During the year, Worthly Strong Investment Limited ("Worthly Strong"), a company incorporated in Hong Kong with limited liability, increased its equity interest in the Company from 43.43% to 57.50%. Worthly Strong is a wholly-owned subsidiary of Emperor International Holdings Limited ("EIHL"), a company incorporated in Bermuda with limited liability, the shares of which are also listed on the Stock Exchange. Accordingly, Worthly Strong and EIHL became the immediate holding company and intermediate holding company of the Company respectively from 28th August, 2009. The ultimate holding company of the Company is Million Way Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 36.

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

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

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 1 (Amendments)	Puttable financial instruments and obligations arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a subsidiary, jointly controlled entity or associate
HKFRS 2 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	Improving disclosures about financial instruments
HKFRS 8	Operating segments
HK(IFRIC*) – INT 9 & HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – INT 13	Customer loyalty programmes
HK(IFRIC) – INT 15	Agreements for the construction of real estate
HK(IFRIC) – INT 16	Hedges of a net investment in a foreign operation
HK(IFRIC) – INT 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

* IFRIC represents the International Financial Reporting Interpretations Committee.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 8).

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

New and revised HKFRS affecting the reported results and financial position

Amendments to HKAS 40 Investment property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). Prior to 1st April, 2009, the leasehold land and building elements of investment properties under development were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element was carried at cost less accumulated impairment losses, if any. The Group has used the fair value model to account for its investment properties. Property that was being constructed or developed for future use as an investment property was included in properties under development until construction or development was complete, at which time it was reclassified to and subsequently accounted for as an investment property. Any difference between the fair value of the property at that date and its previous carrying amount was recognised in profit or loss.

The Group has applied the amendments to HKAS 40 prospectively from 1st April, 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment property under development that includes the leasehold land and buildings elements with previous carrying amounts of HK$45,905,000 and HK$570,962,000 as at 1st April, 2009 respectively, has been reclassified as investment properties and measured at fair value as at 1st April, 2009, with the fair value gain of HK$363,133,000 and related deferred tax expense of HK$90,783,000. During the year, further fair value gain of HK$184,585,000 and related deferred tax expense of HK$46,147,000 have been recognised in the profit or loss. As at 31st March, 2010, the impact has been to decrease prepaid lease payments and property under development by HK$45,905,000 and HK$570,962,000 respectively, to increase investment properties by HK$1,170,000,000, to increase deferred tax liabilities by HK$136,930,000 and to increase profit for the year and accumulated profits by HK$410,788,000. As a result of the adoption of the amendments to HKAS 40, the basic and diluted earnings per share of the Group for the year increased by HK$0.35.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related party disclosures[7]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of rights issues[5]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[4]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[6]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[4]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[8]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a minimum funding requirement[7]
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners[1]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instrument[6]

1 Effective for annual periods beginning on or after 1st July, 2009.
2 Amendments that are effective for annual periods beginning on or after 1st July, 2009 and 1st January, 2010, as appropriate.
3 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.
4 Effective for annual periods beginning on or after 1st January, 2010.
5 Effective for annual periods beginning on or after 1st February, 2010.
6 Effective for annual periods beginning on or after 1st July, 2010.
7 Effective for annual periods beginning on or after 1st January, 2011.
8 Effective for annual periods beginning on or after 1st January, 2013.

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

The application of HKFRS 3 (Revised) may affect the accounting for the Group's business combination for which the acquisition date is on or after the beginning of the Group's annual reporting period beginning on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from the Group's annual reporting period beginning 1st April, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. The amendments will be effective from the Group's annual reporting period beginning 1st April, 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Basis of consolidation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Acquisition of additional interests of subsidiaries

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

Goodwill

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

From 1st April, 2009, investment properties under construction or development have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction or development are capitalised as part of the carrying amount of the investment properties under construction or development. Investment properties under construction or development are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction or development and their carrying amounts is recognised in profit or loss in the period in which they arise. Prior to 1st April, 2009, the leasehold land and building elements of investment properties under construction or development were accounted separately; the leasehold land element was accounted for as an operating lease and the building element was measured at cost less impairment losses, if any.

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

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

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

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Properties under development

Prior to 1st April, 2009, property that was being constructed or developed for future use as an investment property was included in property under development until construction or development was completed, at which time it was reclassified to and subsequently accounted for as an investment property. Any difference between the fair value of the property at that date and its previous carrying amount was recognised in profit or loss. Upon the adoption of amendments to HKAS 40, the property has been reclassified as an investment property as at 1st April, 2009 (see note 2).

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 of assets (other than goodwill and financial assets)

At the end of each 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 the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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.

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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is classified as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the term on a straight line basis, except for those classified and accounted for as investment properties under fair value model, or those previously classified and accounted for as investment properties using the fair value model and now reclassified to property, plant and equipment.

Inventories

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

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets represent loans and receivables.

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.

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 trade and other receivables, pledged bank deposit and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment 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 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 financial assets have been affected.

Objective evidence of impairment could include:

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

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 and observable changes in national or local economic conditions that correlate with default on the receivables.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Financial instruments – continued

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for financial liabilities and equity instruments are set out below.

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 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

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

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

Equity instruments

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Revenue recognition

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenue recognition – continued

Service income is recognised when the services are provided.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 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. 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 deferred tax is also recognised in other comprehensive income or directly in equity respectively.

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.

3. SIGNIFICANT ACCOUNTING POLICIES – Continued

Foreign currencies – continued

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, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the translation reserve.

Share-based payment transactions

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

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

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 charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies which are described in note 3, the management has made judgements that have significant effect on the accounts recognised in the consolidated financial statements. The key assumption concerning the future, and other key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of investment properties

The fair value of HK$1,617,800,000 as at 31st March, 2010 (2009: HK$426,400,000) was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions 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 profit or loss.

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

The Group's carrying amount of the interest-free portion of the amounts due to minority shareholders of a subsidiary as at 31st March, 2010 was HK$279,362,000 (2009: HK$357,402,000). 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 minority shareholders of a subsidiary and the deemed contribution by minority shareholders may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the timing of repayment to the minority shareholders.

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31st March, 2010 is HK$154,673,000 (net of allowance for bad and doubtful debts of HK$62,769,000) (2009: HK$195,291,000 (net of allowance for bad and doubtful debts of HK$62,769,000)).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY – Continued

Deferred tax assets

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

5. CAPITAL RISK MANAGEMENT

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

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

The directors of the Company review the capital structure on a regular basis. During the year, the Group had repaid all of the bank borrowings and therefore bank borrowings are no longer part of the capital structure of the Group. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the debt raising.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010 **HK$'000**	2009 HK$'000
FINANCIAL ASSETS		
Loans and receivables		
Trade and other receivables	**294,756**	312,841
Pledged bank deposit	**300**	300
Bank balances and cash	**573,398**	527,380
	868,454	840,521
FINANCIAL LIABILITIES		
At amortised cost		
Trade and other payables	**51,741**	99,546
Amount due to a fellow subsidiary	**2,435**	–
Amounts due to related companies	**–**	2,800
Amounts due to minority shareholders of a subsidiary	**279,362**	357,402
Secured bank borrowings	**–**	171,558
	333,538	631,306

(b) Financial risk management objectives and policies

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

6. FINANCIAL INSTRUMENTS – Continued

(b) Financial risk management objectives and policies – continued

Market risk

Foreign currency risk

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and its cashflows. Several subsidiaries of the Group have foreign currency sales and purchases, but the management considers the amount of foreign currency sales and purchase is insignificant. The management considers the Group does not expose to significant foreign currency risk in relation to transactions denominated in Macau Pataca ("MOP"). Exposures on balances which are denominated in MOP in group entities with Hong Kong dollars as functional currency are not considered significant as MOP is pegged to Hong Kong dollars.

Cash flow interest rate risk

The Group's cash flow interest rate risk relates primarily to bank balances (2009: variable-rate secured bank borrowings and bank balances). The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rate for the bank balances (2009: variable-rate secured bank borrowings and bank balances) 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.

Except for secured bank borrowings using 100 basis points for the year ended 31st March, 2009, if interest rates for bank balances had been 10 basis points (2009: 10 basis points) higher and all other variables were held constant, the potential effect on post-tax profit (2009: post-tax loss) for the year is as follows:

	2010	2009
	HK$'000	HK$'000
Increase in post-tax profit (2009: (increase) decrease in post-tax loss) for the year		
– Secured bank borrowings	**–**	(1,716)
– Bank balances	**574**	528
	574	(1,188)

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March, 2010 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to manage the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period based on the management knowledge of customers and their creditability and repayment record to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has concentration of credit risk as 34.23% (2009: 24.04%) and 34.97% (2009: 24.09%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel operation and gaming operation business segments. The remaining trade receivables balances are spread over numbers of customers.

6. FINANCIAL INSTRUMENTS – Continued

(b) Financial risk management objectives and policies – continued

Liquidity risk

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

As at 31st March, 2010, the Group has available unutilised banking facilities of HK$100,000,000 (2009: HK$100,000,000).

The following table details the Group's remaining contractual maturity for its financial liabilities that will result in cash outflow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is based on interest rate at the end of the reporting period.

Liquidity and interest risk tables

	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$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Interest portion HK$'000	Total carrying amounts HK$'000
2010								
Trade and other payables	–	51,223	282	236	–	51,741	–	51,741
Amount due to a fellow subsidiary	–	2,435	–	–	–	2,435	–	2,435
Amounts due to minority shareholders of a subsidiary	5.00%	–	–	123,016	182,984	306,000	(26,638)	279,362
		53,658	282	123,252	182,984	360,176	(26,638)	333,538
2009								
Trade and other payables	–	98,992	292	262	–	99,546	–	99,546
Amounts due to related companies	–	2,800	–	–	–	2,800	–	2,800
Amounts due to minority shareholders of a subsidiary	5.00%	–	–	161,386	233,614	395,000	(37,598)	357,402
Secured bank borrowings	4.39%	4,098	12,293	32,782	132,448	181,621	(10,063)	171,558
		105,890	12,585	194,430	366,062	678,967	(47,661)	631,306

(c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

7. REVENUE

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

	2010 HK$'000	2009 HK$'000
Service income from gaming operation in VIP rooms	**321,190**	237,748
Service income from gaming operation in mass market halls	**463,191**	291,960
Service income from gaming operation in slot machine hall	**35,868**	36,003
Hotel room income	**62,035**	71,614
Marketing and promotion income	**14,462**	36,900
Food and beverage sales	**60,467**	65,748
Rental income from investment properties	**29,389**	36,671
Others	**3,602**	14,812
	990,204	791,456

8. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st April, 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

The executive directors of the Company (the "Executive Directors") have been identified as the chief operating decision maker. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's operating segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In prior years, the segment information reported externally was based on risks and returns and analysed by service lines supplied by the Group, i.e. hotel and gaming operations and property development. However, information reported to the Executive Directors for the purpose of resource allocation and assessment of performance is more detailed and specifically focused on individual unit of operation. For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from VIP rooms, mass market halls and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating segments under HKFRS 8 as follows: gaming operation, hotel operation and property development.

Principal activities of the operating segments are as follows:

Gaming operation	–	Mass market halls, slot machine hall and VIP room operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau
Hotel operation	–	Hotel operation in the Grand Emperor Hotel in Macau
Property development	–	Development of multi-storey shopping arcade and hotel/service apartment complex in Shanghai, The People's Republic of China (the "PRC")

The Executive Directors assess the performance of individual operating segments based on a measure of adjusted earnings before interest, tax, depreciation and amortisation, central administration costs and gain/loss on fair value changes of investment properties (the "Adjusted EBITDA").

Inter-segment revenue are charged at prevailing market rate.

8. SEGMENT INFORMATION – Continued

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

Segment revenues and results

For the year ended 31st March, 2010

	Gaming operation HK$'000	Hotel operation HK$'000	Property development HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE						
External revenue	834,711	155,493	–	990,204	–	990,204
Inter-segment revenue	–	4,621	–	4,621	(4,621)	–
Total	834,711	160,114	–	994,825	(4,621)	990,204
Segment result based on Adjusted EBITDA	360,593	75,500	(333)	435,760		435,760
Bank interest income						638
Depreciation of property, plant and equipment						(85,673)
Gain on fair value change in investment properties						569,118
Impairment loss recognised in respect of goodwill						(18,301)
Imputed interest expense on amounts due to minority shareholders of a subsidiary						(15,608)
Other finance costs						(2,066)
Release of prepaid lease payments						(6,446)
Unallocated corporate expenses						(44,378)
Profit before taxation						833,044
Taxation						(177,138)
Profit for the year						655,906

8. SEGMENT INFORMATION – Continued

Segment revenues and results – continued

For the year ended 31st March, 2009

	Gaming operation HK$'000	Hotel operation HK$'000	Property development HK$'000	Segment total HK$'000	Elimination HK$'000	Consolidated HK$'000
REVENUE						
External revenue	602,611	188,845	–	791,456	–	791,456
Inter-segment revenue	–	4,621	–	4,621	(4,621)	–
Total	602,611	193,466	–	796,077	(4,621)	791,456
Segment result based on Adjusted EBITDA	207,625	87,911	(1,578)	293,958		293,958
Bank interest income						3,598
Depreciation of property, plant and equipment						(77,236)
Loss on fair value change in investment properties						(139,300)
Imputed interest expense on amounts due to minority shareholders of a subsidiary						(18,191)
Other finance costs						(8,344)
Release of prepaid lease payments						(6,456)
Unallocated corporate expenses						(42,320)
Profit before taxation						5,709
Taxation						(7,784)
Loss for the year						(2,075)

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

Other information

Amount included in the measure of segment results:

For the year ended 31st March, 2009

	Gaming operation HK$'000	Hotel operation HK$'000	Property development HK$'000	Segment/ consolidated total HK$'000
Allowance for bad and doubtful debts	36,344	–	–	36,344

For the year ended 31st March, 2010, there is no other information included in the measure of segment results.

8. SEGMENT INFORMATION – Continued

Geographical information

The Group's revenue was derived principally in Macau.

The following is an analysis of the carrying amount of non-current assets analysed by the geographical area in which the assets are located.

	Non-current assets	
	2010	2009
	HK$'000	HK$'000
Macau	**1,740,735**	1,700,479
The PRC	**1,170,407**	634,413
	2,911,142	2,334,892

Information about major customers

During the year, revenue derived from the customer which contributed over 10% of the Group's revenue amounted to HK$859,759,000 (2009: HK$623,411,000). The revenue related to the gaming operation and hotel operation.

9. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Interests on bank borrowings wholly repayable within five years	**2,066**	8,344
Imputed interest expense on amounts due to minority shareholders of a subsidiary	**15,608**	18,191
	17,674	26,535

10. PROFIT BEFORE TAXATION

	2010	2009
	HK$'000	HK$'000
Profit before taxation has been arrived at after charging:		
Allowance for bad and doubtful debts (included in administrative expenses)	**–**	36,344
Auditor's remuneration	**2,732**	2,604
Commission expenses in gaming operations (included in selling and marketing expenses)	**232,479**	183,771
Depreciation of property, plant and equipment	**85,673**	77,236
Loss on disposal of property, plant and equipment	**136**	498
Release of prepaid lease payments	**6,446**	6,456
Staff costs, including directors' remuneration and retirement benefit scheme contributions (note 11)	**191,260**	133,841
and after crediting:		
Exchange gain	**3,224**	5,059
Interest income from bank deposits	**638**	3,598

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(i) Directors' emoluments

	Ms. Luk Siu Man, Semon HK$'000	Mr. Wong Chi Fai HK$'000	Ms. Fan Man Seung, Vanessa HK$'000	Ms. Mok Fung Lin, Ivy HK$'000	Ms. Chan Sim Ling, Irene HK$'000	Ms. Chan Wiling, Yvonne HK$'000	Ms. Wan Choi Ha HK$'000	Total HK$'000
2010								
Fees	–	100	100	100	150	150	150	750
Other emoluments								
Salaries and other benefits	–	–	–	–	–	–	–	–
Performance related incentive payment *(note)*	–	–	339	–	–	–	–	339
	–	100	439	100	150	150	150	1,089

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

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

(ii) Employees' emoluments

The five highest paid individuals does not include any director of the Company in both years. The total emoluments of the five highest paid individuals in both years were as follows:

	2010 HK$'000	2009 HK$'000
Salaries and other benefits	**6,998**	6,624
Bonuses	**3,595**	4,180
	10,593	10,804

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – Continued

(ii) Employees' emoluments – continued

	Number of individuals	
	2010	2009
Emoluments of the employees were within the following bands:		
HK$1,000,001 – HK$1,500,000	**1**	2
HK$1,500,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$2,500,000	**2**	–
HK$3,000,001 – HK$3,500,000	**1**	2

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

(iii) Retirement benefit scheme

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

The employees of the Group's subsidiaries in Macau and the PRC 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 schemes.

During the year, the retirement benefit scheme contributions were HK$637,000 (2009: HK$633,000).

12. TAXATION

	2010	2009
	HK$'000	HK$'000
The charge (credit) comprises:		
Macau Complimentary Income Tax	**31,106**	17,319
Deferred taxation *(note 27)*	**146,032**	(9,535)
	177,138	7,784

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

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

12. TAXATION – Continued

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

	2010 HK$'000	2009 HK$'000
Profit before taxation	**833,044**	5,709
Tax charge at the Macau Complimentary Income Tax rate of 12% (2009: 12%)	**99,965**	685
Tax effect of expenses not deductible for tax purpose	**12,557**	10,314
Tax effect of income not taxable for tax purpose	**(6,814)**	(7,343)
Tax effect of tax losses not recognised	**562**	2,250
Deferred taxation previously not recognised	**–**	3,021
Effect of change in tax rate	**–**	(1,342)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**70,870**	–
Others	**(2)**	199
Taxation for the year	**177,138**	7,784

13. DIVIDENDS

	2010 HK$'000	2009 HK$'000
Dividends recognised as distribution during the year:		
Interim paid: HK$0.025 per share (2009: Nil)	**32,314**	–
Final paid in respect of 2009: HK$0.018 per share (2009: HK$0.04 per share in respect of 2008)	**23,266**	40,449
	55,580	40,449

The board of directors proposed the payment of a final dividend of HK$0.048 per share (2009: HK$0.018 per share) for the year ended 31st March, 2010 which is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2010 HK$'000	2009 HK$'000
EARNINGS		
Earnings for the purpose of basic and diluted earnings per share	**587,278**	28,852

	2010	2009
NUMBER OF SHARES		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**1,177,704,598**	1,011,223,126

14. EARNINGS PER SHARE – Continued

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share has been adjusted for issue of shares on 28th August, 2009.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for 2010 and 2009 respectively.

15. INVESTMENT PROPERTIES

	2010			2009
	Completed investment properties HK$'000	**Investment property under development HK$'000**	**Total HK$'000**	Completed investment properties HK$'000
FAIR VALUE				
At 1st April	**426,400**	**–**	**426,400**	656,200
Exchange realignment	**–**	**1,882**	**1,882**	–
Reclassified from prepaid lease payments and property under development at 1st April *(notes 17 and 18)*	**–**	**616,867**	**616,867**	–
Additions	**–**	**3,533**	**3,533**	–
Transfer from prepaid lease payments and hotel property *(note)*	**–**	**–**	**–**	21,500
Transfer to hotel property	**–**	**–**	**–**	(112,000)
Increase (decrease) in fair value	**21,400**	**547,718**	**569,118**	(139,300)
At 31st March	**447,800**	**1,170,000**	**1,617,800**	426,400

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

The completed investment properties are situated in Macau and held under medium-term leases. The investment property under development is situated in the PRC and held under medium-term leases (the "Land"). Included in investment property under development as at 31st March, 2010 was net interest capitalised of HK$21,372,000 (2009: HK$21,372,000). No further interest was capitalised in 2009 and 2010 as all bank loans borrowed for the property development project had been repaid in prior years.

The fair values of the Group's investment properties as at 31st March, 2010 have been arrived at on the basis of a valuation carried out on that date by Memfus Wong Surveyors Limited (2009: Colliers International (Hong Kong) Limited), an independent firm of professional property valuers not connected with the Group.

All investment properties are held for rental under operating leases or under development as properties held for rental purpose.

For completed investment properties, the valuation was arrived at with reference to market evidence of recent transaction prices for similar properties of HK$241,600,000 (2009: HK$209,800,000) and rental income using the applicable market yields for the respective locations and types of properties of HK$206,200,000 (2009: HK$216,600,000).

For investment property under development, as the site is in its initial stage of development and only the site preparation work had been completed at the end of the reporting period, the valuation has been arrived at adopting direct comparison approach with reference to comparable transactions in the locality for similar lands, taken into consideration the cost that has been incurred for land preparation and base construction.

15. INVESTMENT PROPERTIES – Continued

Litigation relating to the investment property under development in the PRC

On 26th May, 2004, the Group entered into a joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao Investment Development Co., Ltd. (now known as Shanghai Zhangxi Investment Development Co., Ltd.) ("JV Partner") to jointly develop the Land. Under the JV Agreement, the Group would provide the Land, the JV Partner would bear the full construction cost and the saleable floor area would be split between the parties in equal shares. The Group and the JV Partner intend to develop the property into a commercial complex ("Project"). The Group has an option to put its interest in the Project to the JV Partner at a consideration of HK$530,000,000 ("Put Option"). The option period is between (i) 18 months from the JV Partner taking possession of the Land and (ii) 30 months from the JV Partner taking possession of the Land or completion of the decoration of the common areas of the Project, whichever is the later (both months inclusive).

Under the terms of the JV Agreement, the Group has the right to terminate the JV Agreement and forfeit the JV Partner's contribution to the Project if the JV Partner failed to settle overdue construction cost payment to contractors of more than RMB10,000,000 for more than 3 months. In view of the JV Partner's failure to do so, the Group served a notice to the JV Partner to terminate the JV Agreement in October 2006. At that time, the JV Partner had contributed RMB27,130,000 (equivalent to HK$30,857,000) towards the Project and incurred construction cost and other payables known to the Group totalling RMB56,490,000 (equivalent to HK$64,250,000). The Group had since assumed the legal obligation to settle the outstanding payables incurred by the JV Partner in respect of the Project and recognised the amount paid by the Group as investment property under development. In addition, the Group had taken up the JV Partner's contractual arrangements with regard to the construction of the Project which had not commenced and disclosed these contractual commitments in relation to the Project in note 32.

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

In May 2010, the Shanghai No. 2 Intermediate People's Court (the "Court") completed its hearing of the case. Mediation to settle the dispute between the JV Partner and the Group was unsuccessful. The legal case is still in the progress up to the date these consolidated financial statements were authorised for issue. Details of the legal proceedings are set out in note 34(a).

The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, in which event the JV Partner is unable to provide supportive rationale to the Court to support their counterclaim. Details of the counterclaim are set out in note 34(a).

16. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Others HK$'000	Total HK$'000
COST								
At 1st April, 2008	618,345	24,336	27,317	226,473	109,351	4,867	10,063	1,020,752
Exchange realignment	–	–	1	5	–	12	–	18
Transferred from investment properties	112,000	–	–	–	–	–	–	112,000
Transferred to investment properties	(1,583)	–	–	–	–	–	–	(1,583)
Additions	–	35,431	8,787	8,924	12,943	1,259	–	67,344
Disposals	–	–	–	(841)	–	–	–	(841)
At 31st March, 2009	728,762	59,767	36,105	234,561	122,294	6,138	10,063	1,197,690
Exchange realignment	–	–	–	1	–	2	–	3
Additions	–	–	36,391	9,534	2,552	1,541	–	50,018
Disposals	–	–	(613)	(304)	–	(202)	–	(1,119)
At 31st March, 2010	**728,762**	**59,767**	**71,883**	**243,792**	**124,846**	**7,479**	**10,063**	**1,246,592**
DEPRECIATION								
At 1st April, 2008	33,443	1,166	6,353	81,117	25,720	1,056	4,474	153,329
Exchange realignment	–	–	1	1	–	2	–	4
Transferred to investment properties	(109)	–	–	–	–	–	–	(109)
Provided for the year	16,249	1,494	4,389	38,667	13,370	1,056	2,011	77,236
Eliminated on disposal	–	–	–	(310)	–	–	–	(310)
At 31st March, 2009	49,583	2,660	10,743	119,475	39,090	2,114	6,485	230,150
Exchange realignment	–	–	–	–	–	1	–	1
Provided for the year	18,603	1,494	8,254	39,760	14,084	1,465	2,013	85,673
Eliminated on disposal	–	–	(613)	(228)	–	(37)	–	(878)
At 31st March, 2010	**68,186**	**4,154**	**18,384**	**159,007**	**53,174**	**3,543**	**8,498**	**314,946**
CARRYING AMOUNTS								
At 31st March, 2010	**660,576**	**55,613**	**53,499**	**84,785**	**71,672**	**3,936**	**1,565**	**931,646**
At 31st March, 2009	679,179	57,107	25,362	115,086	83,204	4,024	3,578	967,540

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

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

The hotel property and buildings are located in Macau under medium-term lease.

17. PREPAID LEASE PAYMENTS

	2010 HK$'000	2009 HK$'000
COST		
At 1st April	**304,276**	311,742
Exchange realignment	**–**	1,044
Reclassified to investment properties at 1st April *(note 15)*	**(45,905)**	–
Transfer to investment properties *(note 15)*	**–**	(758)
Release for the year	**(6,446)**	(6,456)
Capitalised under property under development	**–**	(1,296)
At 31st March	**251,925**	304,276

	2010 HK$'000	2009 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold land in Macau under medium-term lease	**251,925**	258,371
Leasehold land in the PRC under medium-term lease	**–**	45,905
	251,925	304,276
Analysed for reporting purposes as follows:		
Non-current	**245,479**	296,534
Current	**6,446**	7,742
	251,925	304,276

18. PROPERTY UNDER DEVELOPMENT

	2010 HK$'000	2009 HK$'000
COST		
At 1st April	**570,962**	554,215
Exchange realignment	**–**	11,883
Reclassified to investment properties at 1st April *(note 15)*	**(570,962)**	–
Additions	**–**	3,568
Release of prepaid lease payments capitalised	**–**	1,296
At 31st March	**–**	570,962

19. GOODWILL

	HK$'000
COST	
At 1st April, 2008 and 31st March, 2009	72,938
Arising on acquisition of additional interest in a subsidiary *(note)*	56,323
Impairment loss recognised	(18,301)
At 31st March, 2010	**110,960**

Note: The amount arose as a result of acquisition of additional 10% interest in Luck United, an indirect non-wholly owned subsidiary of the Company at an acquisition cost of HK$225,690,000 on 28th August, 2009.

As at 31st March, 2010, the carrying amount of goodwill amounting to nil and HK$110,960,000 (2009: HK$18,301,000 and HK$54,637,000) had been allocated to the property development project and the CGUs relating to the Group's gaming operation respectively.

During the year, the Group performed an impairment review for goodwill of the Group's gaming operation based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3% per annum for subsequent years. The recoverable amount of the CGU of the gaming operation is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. The forecast is discounted using a discount rate of 13% (2009: 13%). The discount rates were determined with reference to weighted average cost of capital of similar companies in the industry adjusted for certain factors specify to the Group's gaming operation. The growth rates do not exceed the long-term average industry growth forecasts. Changes in selling prices and direct costs are based on past practices and the management's expectations of future changes in the market. There has been no significant change in the model and assumptions used by the management as compared to 2009.

In prior years, the Group performed impairment review for the goodwill allocated to the property development project in the PRC based on its fair value less cost to sell. Upon the adoption of amendments to HKAS 40, the property under development and the prepaid lease payment in relation to this project had been reclassified as an investment property under development and measured at fair value as at 1st April, 2009. The management considers that the recoverable amount of the property development project in the PRC had been reflected by the fair value measurement of the investment property under development, accordingly, full impairment loss of HK$18,301,000 has been recognised in respect of the goodwill allocated to the property development project.

20. TRADE AND OTHER RECEIVABLES

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

	2010 **HK$'000**	2009 HK$'000
0 – 30 days	**94,156**	94,999
31 – 60 days	**22,447**	39,218
61 – 90 days	**7,930**	1,464
91 – 180 days	**8,648**	11,370
Over 180 days	**21,492**	48,240
	154,673	195,291
Chips on hand	**134,165**	109,423
Other receivables	**13,799**	15,854
	302,637	320,568

20. TRADE AND OTHER RECEIVABLES – Continued

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

The Group's trade receivable balances do not have debtor which was past due at the reporting date for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK$38,070,000 (2009: HK$61,074,000) that would otherwise be past due or impaired have the terms not been renegotiated.

Movement in the allowance for bad and doubtful debts

	2010 HK$'000	2009 HK$'000
At 1st April	62,769	26,445
Impairment loss recognised	–	36,344
Amounts written off	–	(20)
At 31st March	62,769	62,769

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$62,769,000 (2009: HK$62,769,000), since the management considered the prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

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

21. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, and carry interests at prevailing market rates which range from 0% to 1.71% (2009: 0% to 4.05%) per annum.

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

22. TRADE AND OTHER PAYABLES

An aged analysis of the Group's trade payables at the end of the reporting period is set out below:

	2010 HK$'000	2009 HK$'000
0 – 30 days	19,288	22,386
31 – 60 days	195	211
61 – 90 days	87	81
91 – 180 days	120	83
Over 180 days	116	179
	19,806	22,940
Construction payables and accruals	182,470	186,917
Other payables and accruals	73,668	126,544
Short-term advance	15,000	15,000
	290,944	351,401

23. AMOUNT DUE TO A FELLOW SUBSIDIARY

The amount is due to a subsidiary of EIHL, the intermediate holding company and is unsecured, interest-free and repayable on demand.

24. AMOUNTS DUE TO RELATED COMPANIES

	2010 HK$'000	2009 HK$'000
Interest-free amount *(note (a))*	–	2,755
Interest-free amounts *(note (b))*	–	45
	–	2,800

Notes:

(a) The amount was due to a subsidiary of EIHL, a substantial shareholder of the Company.

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

The amounts were unsecured and repayable on demand.

25. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF A SUBSIDIARY

	2010 HK$'000	2009 HK$'000
Interest-free amounts	279,362	357,402
Less: Amounts due within one year shown under current liabilities	(117,028)	(153,531)
Amounts due after one year	162,334	203,871

In accordance with the contractual terms of the shareholders' agreements, the interest-free amounts are to be repaid from surplus fund, which represents cash available in Luck United, an indirect non-wholly owned subsidiary, and its subsidiaries, after payment of all operating expenses and payables including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. Imputed interest on these advances had been computed at an original effective interest rate of 5% and a projection on the timing of realisation of surplus fund according to budget approved by the management of Luck United.

During the year, the Group partially repaid the principal of the interest-free shareholders' loans of HK$10,000,000 (2009: HK$32,500,000). The principal amount outstanding as at 31st March, 2010 was HK$306,000,000 (2009: HK$395,000,000). As at 31st March, 2010, the Group revised its estimates of repayments of the amounts due to minority shareholders of a subsidiary and adjusted the carrying amount of the amounts due to minority shareholders of a subsidiary in accordance with the revised estimated cash flows. The Group recalculated the carrying amount by computing the present value of estimated future cash flows at the original effective interest rate. This resulted in a decrease of HK$10,665,000 (2009: HK$3,003,000) being adjusted to the carrying amount of minority interests in the current year.

In the opinion of the directors of the Company, the carrying amount of the amounts due to minority shareholders of HK$162,334,000 (2009: HK$203,871,000) is not expected to be repaid in the next twelve months based on the cash flow forecasts and the estimation on future surplus fund. Accordingly, the carrying amount of HK$162,334,000 (2009: HK$203,871,000) is shown as non-current.

26. SECURED BANK BORROWINGS

	2010 HK$'000	2009 HK$'000
The bank borrowings are repayable as follows:		
Within one year or on demand	–	44,604
Between one to two years	–	45,972
Between two to three years	–	47,378
Between three to four years	–	33,604
	–	171,558
Less: Amounts due within one year shown under current liabilities	–	(44,604)
Amounts due after one year	–	126,954

As at 31st March, 2010, the Group has available unutilised banking facilities of HK$100,000,000 (2009: HK$100,000,000).

The bank borrowings carried interest at HIBOR + 2.1% (2009: HIBOR + 2.1%) per annum. The banking facilities (2009: bank borrowings and banking facilities) were secured by certain of the Group's assets. The values of these assets at the end of the reporting period were as follows:

	2010 HK$'000	2009 HK$'000
Hotel property	660,576	679,179
Investment properties	447,800	426,400
Prepaid lease payments	251,925	258,371
	1,360,301	1,363,950

27. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000 *(note)*	Development costs capitalised HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000 *(note)*	Total HK$'000
At 1st April, 2008	199	(5,533)	(71,636)	–	(76,970)
Deferred taxation charged directly to equity	–	–	(2,312)	–	(2,312)
(Charged) credited to profit or loss	(26,593)	–	16,716	18,070	8,193
Effect of change in tax rate	–	1,342	–	–	1,342
At 31st March, 2009	(26,394)	(4,191)	(57,232)	18,070	(69,747)
Credited (charged) to profit or loss	8,094	–	(139,498)	(14,628)	(146,032)
At 31st March, 2010	**(18,300)**	**(4,191)**	**(196,730)**	**3,442**	**(215,779)**

Note: The Macau tax authority granted a concessionary deduction to Pacific Strong Bases (Holding) Company Limited, an indirect non-wholly owned subsidiary of the Company in Macau, to claim deduction of depreciation allowance of its property, plant and equipment for tax purpose at a rate which is twice of the accounting depreciation. Deferred tax liability of HK$18,300,000 (2009: HK$26,394,000) has been recognised in respect to such accelerated tax depreciation. At the same time, deferred tax asset of HK$3,442,000 (2009: HK$18,070,000) has been recognised in respect to the tax losses arisen from the concessionary deduction.

27. DEFERRED TAXATION – Continued

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

As at 31st March, 2010, the Group had unused tax losses of HK$114,538,000 (2009: HK$235,376,000) available for offset against future profits. Deferred tax asset had been recognised in respect of HK$28,683,000 (2009: HK$150,583,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$85,855,000 (2009: HK$84,793,000) due to unpredictability of future profit streams. Included in unrecognised tax losses were losses of HK$1,547,000, HK$12,291,000 (2009: HK$3,621,000, HK$1,547,000 and HK$12,291,000) that would expire in 2011 and 2012, respectively (2009: 2010, 2011 and 2012, respectively). The remaining tax losses might be carried forward indefinitely.

28. SHARE CAPITAL

	Number of shares	Share capital HK$'000
THE COMPANY		
Ordinary shares of HK$0.0001 each		
Authorised:		
At 1st April, 2008, 31st March, 2009, 1st April, 2009 and 31st March, 2010	2,000,000,000,000	200,000
Issued and fully paid:		
At 1st April, 2008, 31st March, 2009 and 1st April, 2009	1,011,223,126	101
Issue of shares *(note)*	281,322,857	28
At 31st March, 2010	**1,292,545,983**	**129**

Note: On 7th July, 2009, Great Assets Holdings Limited ("Great Assets"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement with Worthly Strong for the acquisition of 10% equity interest in Luck United together with the loan due from Luck United to Worthly Strong of HK$72,983,000. The acquisition was satisfied by the issue and allotment of 281,322,857 shares of the Company at an issue price of HK$0.70 per share as agreed between the parties and an amount of HK$2,552,000 which was settled by way of cash payment. The issue and allotment of 281,322,857 shares of the Company to Worthly Strong was completed on 28th August, 2009 and the market price of the shares of the Company on the same date is HK$0.79 per share. The shares issued rank pari passu in all respects with the existing shares of the Company. Upon the completion of the acquisition, Luck United changed from a 50% owned subsidiary to a 60% owned subsidiary of the Group. Details of the transaction were disclosed in the circular issued by the Company dated 11th August, 2009. Total consideration of the acquisition amounted to HK$225,690,000, which comprised the fair value of the Company's shares issued on 28th August, 2009 of HK$222,245,000, cash of HK$2,552,000 and expenses directly attributable to the acquisition of HK$893,000.

29. SHARE OPTION SCHEME

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

Under the Scheme, the directors of the Company are authorised, at any time within ten years after the Adoption Date, to grant options to any participants to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing prices of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK$1 is payable on acceptance of the grant of options.

On 11th August, 2005, a total of 10,000,000 share options were granted to two directors of the Company at an exercise price of HK$2.20 under the terms of the Scheme. The options were vested immediately at the date of grant.

The outstanding shares options, which were granted to the directors of the Company under the Scheme are as follows:

Date of grant	Exercisable period	Exercise price HK$	Number of options outstanding as at 1st April, 2008, 31st March, 2009 and 31st March, 2010
11th August, 2005	11th August, 2005 – 10th August, 2015	2.20	10,000,000

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

30. RESERVES

(a) The contributed surplus of the Group represents the difference between the aggregate of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the Company's share capital issued as consideration for the acquisition.

(b) As stipulated by the relevant laws and regulations in the Macau Special Administrative Region, certain subsidiaries of the Company are required to set aside 25% of their profit for the year to a legal reserve until the legal reserve has reached 50% of their registered capital. No appropriation was made in 2009 and 2010 as the legal reserve of those subsidiaries has already reached 50% of their respective registered capital.

31. MINORITY INTERESTS

Included in minority interests as at 31st March, 2010 was a deemed contribution by minority shareholders of HK$100,771,000 (2009: HK$112,632,000), arising from adjustment of fair value at initial recognition and subsequent measurement (see note 25 for details) of certain loans from the minority shareholders of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings.

32. COMMITMENTS

	2010 HK$'000	2009 HK$'000
Authorised but not contracted for in respect of:		
– investment property under development	**713,591**	–
– property under development	**–**	2,486
	713,591	2,486
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– investment property under development	**401,895**	–
– property under development	**–**	414,486
– property, plant and equipment	**13,089**	400
	414,984	414,886
	1,128,575	417,372

33. OPERATING LEASE COMMITMENTS

The Group as lessee

	2010 HK$'000	2009 HK$'000
Operating lease rentals paid and payable for the year in respect of rented premises	**3,001**	4,197

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:

	2010 HK$'000	2009 HK$'000
Within one year	**2,170**	1,634
In the second to fifth year inclusive	**524**	2,120
	2,694	3,754

The leases were negotiated for terms ranging from 1 and 2 years and the rentals are pre-determined and fixed.

The Group as lessor

	2010 HK$'000	2009 HK$'000
Operating lease rentals received and receivable for the year in respect of completed investment properties	**29,389**	36,671

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 completed investment properties in Macau, which fall due as follows:

	2010 HK$'000	2009 HK$'000
Within one year	**16,990**	35,648
In the second to fifth year inclusive	**27,353**	121,050
After five years	**–**	115,200
	44,343	271,898

Certain premises in the Group's completed investment properties have committed tenants for the tenancy ranging from 1 to 3 years (2009: 1 to 14 years) and the rentals are pre-determined and fixed.

34. CONTINGENT LIABILITIES

(a) In October 2006, the Group commenced legal proceedings against the JV Partner in Shanghai, the PRC, for termination of the JV Agreement in respect of the development of the Group's property in Shanghai as a result of the JV Partner's failure to settle the outstanding payment and construction costs in accordance with the terms of the JV Agreement. The Group also claimed against the JV Partner for forfeiture of the JV Partner's contribution to the project and further contribution by the JV Partner of outstanding payment and construction costs totalling RMB83,620,000 (equivalent to HK$95,107,000). The JV Partner contested the proceedings and counterclaimed against the Group for RMB100,000,000 (equivalent to HK$113,737,000) as damages for breach of the JV Agreement. The PRC lawyers representing the Group were of the view that it is probable for the Group to terminate the JV Agreement, and the JV Partner's counterclaim would not be supported by the court. Therefore, no provision was made by the Group. The legal case is still in the progress as at the date these consolidated financial statements were authorised for issue.

(b) In January 2007, the Group was sued jointly with its contractor for MOP3,500,000 (equivalent to HK$3,352,000) for injuries suffered by a third party in an accident which happened in 2005 in the premises of the Grand Emperor Hotel when the hotel was under renovation. The ultimate outcome of the case is not determinable at this stage. No provision was made by the Group as the Group is of the view that the contractor and its insurer should be responsible for paying any damages awarded to the plaintiff.

35. RELATED PARTY TRANSACTIONS

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

	2010 **HK$'000**	2009 HK$'000
Advertising expenses to related companies	**316**	375
Commission to Dr. Albert Yeung, a deemed substantial shareholder of the Company in the capacity of a patron of the Group's VIP rooms	**2,672**	2,031
Hotel room income from related companies	**401**	413
Professional fee expenses to related companies	**478**	418
Purchase of property, plant and equipment and merchandising goods from related companies	**1,191**	864
Reimbursement of administrative expenses paid by a fellow subsidiary	**5,232**	–
Reimbursement of administrative expenses paid by a related company	**3,369**	8,800
Rental income from related companies	**3,940**	3,563
Secretarial fee expenses to a related company	**225**	250

Note: Certain directors, key management personnel and a deemed substantial shareholder of the Company have significant influence or are deemed to have significant influence in the above related companies.

(b) The key management personnel of the Company are the directors of the Company. The details of the remunerations paid to them are set out in note 11.

36. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2009 and 2010, were as follows:

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Affluent Travel Services Limited	Hong Kong	Hong Kong	HK$500,000	–	–	**60**	–	Provision of travel agency services
Asian Glory Limited	Macau	Macau	MOP25,000	–	–	**60**	50*	Property holding
Big Capital International Limited	British Virgin Islands	Macau	US$1	–	–	**60**	50*	Slot machine hall operation***
Emperor Entertainment Hotel Management Limited	Macau	Macau	MOP25,000	–	–	**60**	50*	Provision of project financing services
Emperor (Shanghai) Co., Ltd. 英皇（上海）有限公司	PRC – wholly-owned foreign investment enterprise	PRC	US$45,000,000 **	–	–	**100**	100	Property development
Great Assets	British Virgin Islands	Macau	US$50	–	–	**100**	100	Investment holding
Keen Million Limited	British Virgin Islands	Macau	US$1	–	–	**60**	50*	Mass market operation
Lavergem Holdings Limited	British Virgin Islands	Hong Kong	US$1	**100**	100	–	–	Investment holding
Luck United	British Virgin Islands	Macau	US$10,000	–	–	**60**	50*	Investment holding
Pacific Strong Bases (Holding) Company Limited	Macau	Macau	MOP500,000	–	–	**60**	50*	Hotel operation
Precision Faith Limited	Macau	Macau	MOP100,000	–	–	**100**	100	VIP room operation and provision of gaming-related marketing and public relation services

36. PARTICULARS OF SUBSIDIARIES – Continued

Name of subsidiary	Place of incorporation/ establishment	Place of operation	Nominal value of issued ordinary share/ registered capital	The Group's attributable equity interest Directly 2010 %	Directly 2009 %	Indirectly 2010 %	Indirectly 2009 %	Principal activities
Right Achieve Limited	British Virgin Islands	Macau	US$1	–	–	60	50*	Investment holding
Super Park Internation Company Limited	Macau	Macau	MOP25,000	–	–	60	50*	Holding and leasing of motor vehicles
Tin Hou Limited	Macau	Macau	MOP25,000	–	–	100	–	Provision of management and promotion services for gaming operation

* These companies are wholly-owned subsidiaries of Luck United. Luck United was regarded as a subsidiary of the Company in 2009 as the Group has control on the board of directors of Luck United. As stipulated in the shareholders' agreements, Great Assets, the immediate holding company of Luck United, shall have the right to appoint up to five directors and each of the other four minority shareholders shall have the right to appoint one director to the board.

** The registered capital and contributed capital of Emperor (Shanghai) Co., Ltd. 英皇（上海）有限公司 is US$45,000,000 (2009: US$45,000,000).

*** The company engaged in the Group's slot machine hall operation during the year ended 31st March, 2009 and has become inactive after the Group's restructuring in April 2009.

None of the subsidiaries of the Company issued any debt securities as at 31st March, 2009 and 31st March, 2010.

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

Financial Summary

For the year ended 31st March, 2010

RESULTS

	Year ended 31st March,				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**990,204**	791,456	1,271,429	1,310,007	345,796
Profit before taxation	**833,044**	5,709	333,563	443,220	410,153
Taxation	**(177,138)**	(7,784)	(33,642)	(34,102)	(51,886)
Profit (loss) for the year	**655,906**	(2,075)	299,921	409,118	358,267
Attributable to:					
Owners of the Company	**587,278**	28,852	202,458	272,493	166,794
Minority interests	**68,628**	(30,927)	97,463	136,625	191,473
	655,906	(2,075)	299,921	409,118	358,267

ASSETS AND LIABILITIES

	At 31st March,				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**3,800,664**	3,195,763	3,369,590	3,205,039	2,702,696
Total liabilities	**(885,206)**	(1,018,488)	(1,176,476)	(1,307,359)	(1,193,603)
	2,915,458	2,177,275	2,193,114	1,897,680	1,509,093
Attributable to:					
Owners of the Company	**2,472,120**	1,716,846	1,713,239	1,459,223	1,227,445
Minority interests	**443,338**	460,429	479,875	438,457	281,648
	2,915,458	2,177,275	2,193,114	1,897,680	1,509,093

Summary of Properties

At 31st March, 2010

Particulars of the Group's investment properties as at 31st March, 2010, were as follows:

COMPLETED INVESTMENT PROPERTIES

Location		Purpose	Floor area sq. ft.	The Group's interest %
1.	Shops on Ground Floor of the Grand Emperor Hotel, Macau	Commercial	4,672	60
2.	Room 8 on 6th Floor and common area of the Grand Emperor Hotel, Macau	Commercial	6,268	60
3.	Rooms 6, 7 & 9 on 6th Floor and common areas of the Grand Emperor Hotel, Macau	Vacant	20,200	60
4.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60
5.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266	60

INVESTMENT PROPERTY UNDER DEVELOPMENT

Location	Purpose	Site area sq. ft.	Estimated gross floor area sq. ft.	Stage of completion	Estimated completion date	The Group's interest %	Term of the land use right
Emperor Star City, a site located at Yuyuan Jiedao 548 Jiefang 11/1 Qiu Huangpu District Shanghai, the PRC *(note (a))*	Commercial complex	246,173	1,298,500 (inclusive of 3 storeys basement)	Basement and foundation have been completed	In 2014	100	From 9th August, 1994 to 8th September, 2050 *(note (b))*

Notes:

(a) The property was originally known as Yuyuan located at Land Plot 33-II, South Henan Road, Nanshi District, Shanghai, the PRC. Pursuant to the order of the Shanghai Municipal Government made in July 2000, the property has been renamed as the above.

(b) Term of the land use right is extracted from the Shanghai Certificate of Real Estate Ownership Hu Fang Di Huang Zi (2006) No. 007382 issued by Shanghai Housing and Land Resources Administration Bureau dated 10th November, 2006.