英皇集團（國際）有限公司

Emperor International Holdings Limited

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

Weaving a better blueprint for the future

Annual Report 2010 / 2011

Contents

Corporate Information & Key Dates

DIRECTORS
Luk Siu Man, Semon* *(Chairperson)*
Wong Chi Fai *(Managing Director)*
Fan Man Seung, Vanessa *(Managing Director)*
Cheung Ping Keung
Mok Fung Lin, Ivy
Chan Man Hon, Eric**
Liu Hing Hung**
Law Ka Ming, Michael**
* *Non-executive Director*
** *Independent Non-executive Directors*

COMPANY SECRETARY
Mok Fung Lin, Ivy

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

REMUNERATION COMMITTEE
Wong Chi Fai *(Chairman)*
Liu Hing Hung
Law Ka Ming, Michael

AUDITOR
Deloitte Touche Tohmatsu

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

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

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

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

BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Fubon Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Wing Hang Bank, Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
Bank of China
Banco Weng Hang S.A.

AMERICAN DEPOSITARY BANK
The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516
Pittsburgh, PA 15252-8516
USA

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

STOCK CODE
163

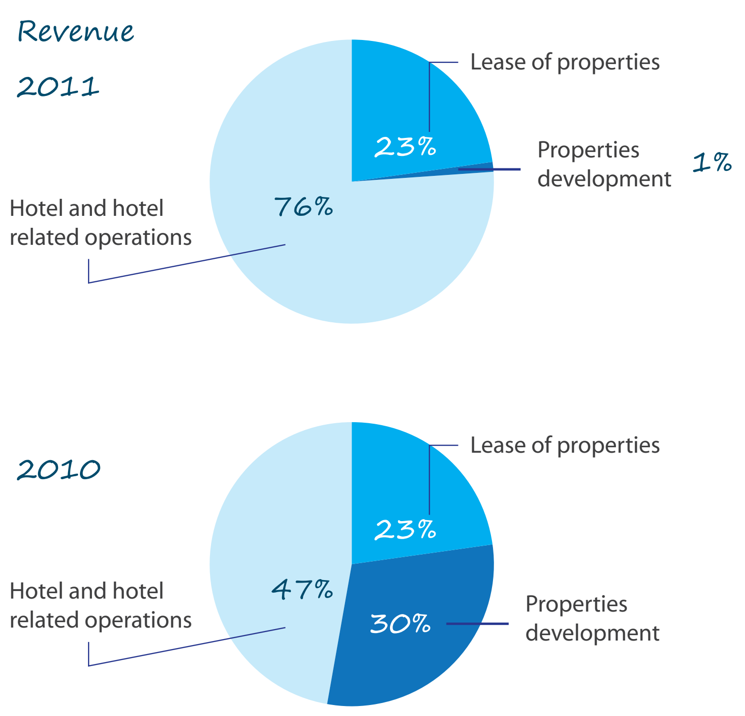
KEY DATES

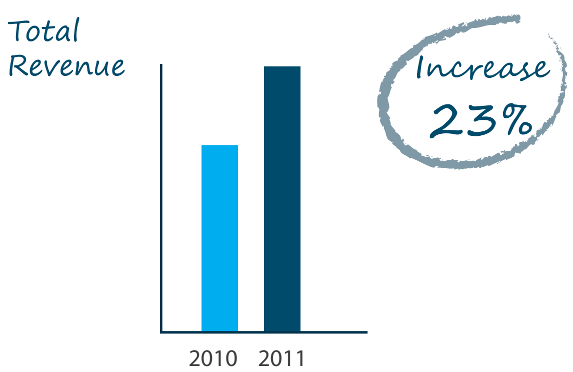
Annual Results Announcement	28th June, 2011
Annual General Meeting	16th August, 2011
Closure of Register of Members	22nd to 23rd August, 2011
Record Date for Final Dividend	23rd August, 2011
Payment of Final Dividend	15th September, 2011 (HK$0.052 per share)

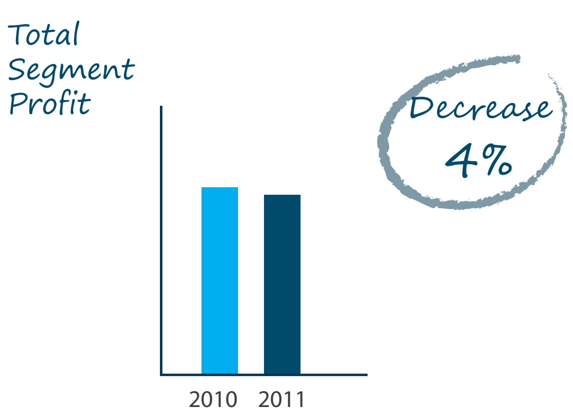
CORPORATE COMMUNICATIONS
This Annual Report (in both English and Chinese versions) is available to any shareholder either in printed form or on the Company's website. In order to protect the environment, the Company highly recommends shareholders to elect to receive electronic copy of our Annual Reports.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

Financial Highlights

For the year ended 31st March	2011 HK$'000	2010 HK$'000 (restated)
Revenue		
Lease of properties	413,798	339,618
Properties development	20,759	423,094
Hotel and hotel related operations	1,350,290	687,061
Total Revenue	1,784,847	1,449,773
Segment Profit (Loss)		
Lease of properties	392,670	324,719
Properties development	(111,650)	183,859
Hotel and hotel related operations	395,710	195,727
Total Segment Profit	676,730	704,305
Revaluation gain on properties	3,278,493	2,485,828
Profit for the year attributable to owners of the Company	3,444,702	3,059,424
Earnings per share		
Basic	HK$1.00	HK$1.35
Diluted	HK$1.00	HK$1.09







維壹
HARBOUR ONE

Genuine view of Victoria Harbour from Harbour One

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

Management Discussion and Analysis

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

Market Review

The year 2010 showed a gradual recovery from the Financial Tsunami. A second round of quantitative easing programme in the United States caused an acceleration of capital fund flowed into the Asian markets.

Although the Hong Kong SAR Government introduced some measures against speculation on the residential property market, the turnover of property transactions, particularly luxury properties, remained active. The momentum of both the volume and the prices in the sale of residential properties and in the leasing market were maintained. Given the abundance of funds, limited supply of land, inflation and the economic recovery, the demand for property in Hong Kong is still strong.

The residential property market will continue to be underpinned by the economic growth in Mainland China and the improved business environment in Hong Kong. The prevailing low interest rate, coupled with accelerating inflation and ample liquidity, are also driving forces behind the flow of investments into the real estate market.

The relaxation of compulsory auction sale threshold of the redevelopment of aged buildings from 90% to 80% by the Hong Kong SAR Government in April 2010 also provided a favourable condition for the growth of property market as it facilitates urban redevelopment and renewal of urban areas which attract many investors.

Financial Review

Overall Review
All of the Group's businesses reported solid performance for the 12 months ended 31st March 2011.

Attributable to the steady growth of rental income contributed by the Group's high-quality investment property portfolio and significant increase of income from self-run hotels, the Group reported total revenue of approximately HK$1,784.8 million during the year ended 31st March, 2011 ("Year") (2010: HK$1,449.8 million), representing an increase of 23%. The profit for the Year attributable to owners of the Company was HK$3,444.7 million (2010: HK$3,059.4 million).

Basic and diluted earnings per share were HK$1.00 (2010: HK$1.35) and HK$1.00 (2010: HK$1.09) respectively.

Liquidity And Financial Resources
As at 31st March 2011, the Group's net asset value and net asset value per share amounted to HK$13,212.3 million (2010: HK$9,394.2 million) and HK$3.60 per share (2010: HK$3.16 per share) respectively. The Group had a total gross area of over 5 million square feet in Hong Kong, Macau and PRC for development and redevelopment.

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

Capital Structure

During the Year, the Company has allotted and issued 698,465,352 ordinary shares of HK$0.01 each upon the completion of corporate restructuring, details of which are set out under the section headed "Corporate Restructuring" in the Chairperson's Statement of this report.

Business Review

The Group firmly established a dual-engine business model. One is quality investment portfolios with a strong focus on high-end retail properties while the other is urban redevelopment projects. This model has proved successful after years of execution, which ensures the Group to have a consistent rental growth with profit enhancement from redevelopment projects and solid cash inflow from casino operation in Macau.

Investment Property

Rental income from investment properties continues to be the Group's major revenue contributor during the Year. Rental income derived from investment properties increased by 22% to HK$413.8 million (2010: HK$339.6 million), accounting for 23% (2010: 23%) of total revenue.

Emperor Group Centre

The Group owns many premium investment properties with a strong focus on high-end street level retail space at the most renowned shopping districts in Hong Kong. These prime assets would not only generate an expanding recurrent earning for the Group, but also command excellent rental revision and capital appreciation potential. The Group recorded overall occupancy rate of over 99% for its retail properties as at 31st March 2011, attributable to the prime location of the majority of the Group's retail properties. Key investment properties include the retail shops located at ***Nos. 8, 20, and 50-56, Russell Street, No. 76, Percival Street and No. 474, 476, 478 and 523, Lockhart Road in Causeway Bay*** and ***Nos. 4, 6 and 8, Canton Road*** in Tsim Sha Tsui, shopping mall at ***Emperor Group Centre*** in Wanchai, ***Fitfort Shopping Arcade*** in North Point and ***Emperor Plaza*** in Tsuen Wan, and commercial/industrial complex at ***Emperor International Square*** in Kowloon Bay. Subsequent to the Year, Emperor International Square was sold. Such property was acquired by the Group in April 2008 by way of acquisition of subsidiary with the value of the property taken to be HK$525 million. The acquisition of ***Nos. 22 and 24, Russell Street and No. 507, Lockhart Road*** took place during the Year and such transactions would be completed subsequent to the Year.

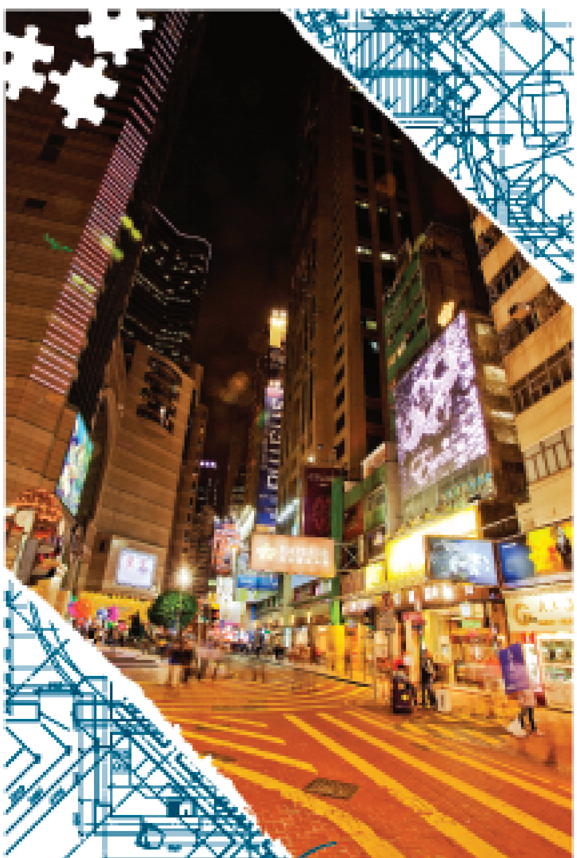
At ***Russell Street***, Causeway Bay, one of the world's top two streets with highest shop rental rate, the Group further extended its coverage by acquiring the whole block of building at Nos. 22 and 24 on the street during the Year. Furthermore, the Group extended its footprint nearby and newly acquired the ***ground floor shop units of No. 76 Percival Street, which is a corner shop at Percival Street and Russell Street, and No. 507 Lockhart Road,*** Causeway Bay, during the Year. This further enhanced the quality of the Group's investment properties portfolio and consolidated its leading position on the premium retail shops.

The Pulse, a multi-function beach-front leisure and recreation complex with a gross floor area of 143,000 square feet in Repulse Bay, the most dazzling beach in Hong Kong, would prove to become a favourite spot in fine dining and shopping for tourists and upper-class residents in that area. Construction was virtually near completion during the Year. The Group plans to commence the leasing by the end of 2011, once the current disagreement between the Government's Lands Department and the Group is resolved.

In Macau, it is expected that the building plan for the redevelopment of a premium city-centre property at ***Nos. 71-75, Avenida de Infante D & Nos. 514-520, 526-528, 532-540, Avenida de Praia Grande*** in Macau with a total gross floor area of 30,000 square feet could be obtained in 2011. The new retail complex is expected to generate stable rental income upon completion of redevelopment in 2013.

Fitfort Shopping Arcade

Emperor Plaza



No. 8, 20, 22-24, 50-56 Russell Street

In the PRC, approximately 90% of clearance work of the site along ***Chang'an Avenue East*** in Beijing has been completed as at 31st March 2011. It is planned to be developed into a comprehensive high grade commercial complex with a total gross area of approximately 1,000,000 square feet, including retail and car parking facilities at its basement. The project will include a retail podium with high-end entertainment hot spots and a Grade-A office tower.

Regarding the ***Emperor Star City*** located in Yu Yuan, Huang Pu District, Shanghai, the property will be developed into a shopping arcade and hotel or service apartment complex at the prime site of 246,200 square feet, which is adjacent to the new Shanghai M10 subway route. Its foundation and basement excavation work for the development has been completed. The main body of the complex will be a multi-storey shopping arcade with an expected total gross area of 1,300,000 square feet. The Group expects such project to generate stable rental revenue upon completion in the long-run. 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.

Genuine view of Victoria Harbour from The Java

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

Harbour One

The Java

18 Upper East

Property Development

To capture the growing demand for residential properties, the Group has commenced the pre-sale of ***Harbour One***, the Group's sea-view luxury residential development in Western District and ***The Java***, a high-end multi-storey composite building in North Point during the Year.

Harbour One, which comprises a 38-storey luxury residential tower with 103 flats and a total gross area of approximately 140,000 square feet, is expected to be completed in the first quarter of 2012. Its pre-sale commenced on 2nd May 2010. Well received by overwhelming market response, approximately 52% of its units have been sold within one week. As at 31st March 2011, about 83% of its units have been sold at an average selling price of HK$14,800 per square foot. Its related sales proceeds should be recognised in the financial year of 2011/2012.

The Java, which comprises a 32-storey tower with 75 flats and 3 shops and a total gross area of approximately 69,000 square feet, is expected to be completed in the first quarter of 2012. Its pre-sale commenced on 24th July 2010. As at 31st March 2011, nearly 95% of its residential units have been sold at an average selling price of HK$12,500 per square foot. Its related sales proceeds should be recognised in the financial year of 2011/2012.

Another masterpiece urban redevelopment of the Group, ***18 Upper East***, Shing On Street, Sai Wan Ho, is a 34-storey residential block with a total of 108 units and the total gross area of approximately 83,000 square feet. Its pre-sale commenced in mid-April 2011. Close to 80% of the residential units have been sold as at 26th June 2011 at an average selling price of HK$11,100 per square foot. Its construction is expected to be completed in 2012 and its related sales proceeds should be recognised in the financial year of 2012/2013.

The redevelopment work on ***Prince Edward Road West***, Kowloon was in progress during the Year. The site on Prince Edward Road West, which is close to the Shatin-Central Rail Link, will be developed into a multi-storey residential/commercial block with a total gross floor area of approximately 30,000 square feet with target completion of construction in 2011.

During the Year, the Group further acquired the remaining property shares of the site located at ***No. 179-180 Connaught Road West & No. 345-345A, Des Voeux Road West, Hong Kong*** (previously known as ***Cheung Ka Industrial Building***) successfully. Following unification of title, it is planned to be redeveloped into a luxury composite retail/residential building with panoramic view of the Victoria Harbour of total gross floor area amounting to approximately 185,000 square feet.

In line with the Group's market positioning and business focus, the site at DD210, Ho Chung, Sai Kung will be developed into a luxury low-rise residential complex with a total gross floor area of approximately 26,000 square feet. It will be developed into 13 detached or semi-detached sea-view houses to meet the high demand of luxury low-rise residential properties. Negotiation for an in-situ land exchange, subject to payment of a premium, is currently being conducted with the Government's Lands Department.

Hotel Operations and Related Services

The segment mainly includes revenue from ***Emperor (Happy Valley) Hotel*** in Hong Kong and contributions by ***Grand Emperor Hotel*** in Macau whose income from hospitality and related services had been consolidated with the Group. This revenue segment surged by 97% significantly to HK$1,350.3 million (2010: HK$687.1 million), accounting for 76% (2010: 47%) of the Group's total revenue.

Emperor (Happy Valley) Hotel in Hong Kong generated revenue mainly from the hotel's accommodation services as well as food and beverage services. During the Year, it strived to boost its business from overseas customers and diversify its guest mix. It had also continued to put great weight in developing high-yield corporate customers.

During the Year, the Group is extremely well positioned in the market with the expanding middle class in mainland China. Riding on the prestigious reputation of "***Emperor***" and its quality services, ***Grand Emperor Hotel*** in Macau had been well received by both Hong Kong and mainland visitors. The Group continued to drive operating leverage and improve the profitability of its portfolio of assets in Macau, particularly in ramping up the mix of mass market and VIP business, which have been proven effective and result in high records in both rolling chip volume and average win per table in gaming concourse.

The Pulse

Emperor Star City

Outlook

With sustained improvement in several key economic sectors, the Group is confident of the ongoing development of its property business in Hong Kong. It remains committed to delivering its promise of providing high-quality living, work and leisure space for buyers, tenants and visitors. The Group believes that, in the medium-to-long run, as the economy of Mainland China continues to grow, the potential of its investment property and residential property market will remain optimistic.

Benefiting from both the continuous growth in Mainland China tourists' spending and improved local consumption, there are significant positive signs for the Group's retail rental income. The Group will continue to upgrade and expand its leasing property portfolio with quality projects as well as optimise the tenant mix in order to achieve growth and higher yields from rental income. The anticipated opening of ***The Pulse*** will mark the speeding up of the projects development and the unlocking of quality asset values. It is expected that ***The Pulse*** will bring a substantial and stable rental income to the Group in 2012/2013.

The Group has turned more pro-active for property development. The Group believes that speeding up of property development projects will further increase earnings visibility. Subsequent to the formal completion of ***Harbour One, The Java, 18 Upper East*** and ***Prince Edward Road West*** after the second half of 2011, the Group is looking forward to receiving a recordable amount of sales proceeds. With the growing confidence of both end-users and investors, the Group will dedicate to secure a steady return rate from the sale of residential property development. Leveraging on the rising market, the Group will continue to acquire suitable locations for redevelopment purposes and launch more boutique-style luxurious residential development projects.

Looking forward, the Group will closely monitor the market conditions and government measures and respond promptly to capture market windows. The Group will continue to be cautious in seeking investment opportunities to enhance shareholders' return. With its execution strengths and market insights, the Group will strive to further enhance its competitive position and aim to become a key property player in Greater China.

Corporate Restructuring

On 25th November 2010, Grand Chain Profits Limited ("Grand Chain"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Lavergem Holdings Limited ("Lavergem") as the Vendor, a direct wholly-owned subsidiary of Emperor Entertainment Hotel Limited ("EEH"), pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the entire issued shares of Expert Pearl Investments Limited ("Expert Pearl") and the loan due by Expert Pearl to Lavergem. On 13th December 2010, Grand Chain and Lavergem entered into a supplemental agreement to agree the revised terms of the sale and purchase of Expert Pearl and the consideration was settled by the issuance of 452,391,094 ordinary shares ("Consideration Shares") at HK$2.35 each under the special mandate granted by the shareholders at the special general meeting held on 14th February 2011. Such Consideration Shares were not issued to the Vendor directly but were issued to the EEH shareholders who were entitled to the EEH Distribution (proposed special dividend by way of distribution in specie of 7 EIHL Shares for every 20 EEH Shares held by the EEH Shareholders on EEH Record Date, being 4th March 2011) and those Consideration Shares which fell to be issued to Worthly Strong Investment Limited (a shareholder of EEH and a wholly-owned subsidiary of the Company) ("Worthly Strong") were in turn distributed and issued to the EIHL Shareholders under the EIHL Distribution (on the basis of one EIHL Share for every six EIHL Shares held by the EIHL Shareholders on the EIHL Record Date, being 21st January 2011).

No. 4-8 Canton Road

On 3rd December 2010 and 15th December 2010, the Company announced the making of a voluntary conditional cash and securities exchange offer to acquire all of the issued shares in the capital of EEH (other than those shares already held by Worthly Strong, a wholly-owned subsidiary of the Company, as the Offeror, and any parties acting in concert with the Offeror) (the "Offer"). The consideration of the Offer was every one share of the Company ("EIHL Share") plus HK$0.04 in cash for every EEH share. A total of 17,461,425 EIHL Shares and 208,605 EIHL Shares were allotted and issued on 22nd February 2011 and 1st March 2011 respectively at HK$1.61 per share being the closing price of the shares of the Company as at 22nd February 2011 and 1st March 2011.

The 494,718,473 EIHL Shares distributed under the EIHL Distribution consequently comprised the allotment and issuance of the following Shares on 7th March 2011:

(i) 260,129,735 EIHL Shares fell to be distributed to Worthly Strong under the EEH Distribution and such Shares were in turn allotted and issued to the EIHL Shareholders under the EIHL Distribution;

(ii) 6,184,510 EIHL Shares fell to be issued to Worthly Strong under the EEH Distribution as a result of the additional EEH Shares to be acquired by Worthly Strong under the Offer and such Shares were in turn allotted and issued to the EIHL Shareholders under the EIHL Distribution; and

(iii) 228,404,228 EIHL Shares being bonus issue made by the Company.

Grand Emperor Hotel

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

Assets Pledged

As at 31st March 2011, assets with carrying value of HK$17,626.6 million were pledged as security for banking facilities.

Contingent Liabilities

In October 2006, Expert Pearl and its subsidiaries ("Expert Pearl Group"), formerly wholly owned subsidiaries of EEH that became wholly owned subsidiaries of the Company as from 15th February 2011, 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 Expert Pearl 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. Expert Pearl 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$99,282,000). The JV Partner contested the proceedings and counterclaimed against Expert Pearl Group for RMB100,000,000 (equivalent to HK$118,730,000) as damages for breach of the JV Agreement. The JV Partner's contribution of RMB27,130,000 (equivalent to HK$32,211,000) has not been recognised as assets by EEH, pending the outcome of the legal proceedings.

On 28th December, 2010, Expert Pearl Group received the judgement from the Shanghai No. 2 Intermediate People's Court under which the Expert Pearl Group's request for termination of the JV Agreement and its other claims were not granted, and the JV Agreement shall continue to have effect. On the other hand, the JV Partner's counterclaim was also rejected. Expert Pearl Group filed an appeal against the judgement to the Shanghai High People's Court. On 1st June, 2011, after the disposal of Expert Pearl Group by EEH to the Company, the Group received the judgement from the Shanghai High People's Court under which the Expert Pearl Group's appeal was dismissed and the JV Agreement shall continue to have effect. Expert Pearl Group is contemplating further appeal against such judgement.

In July 2008, Gold Shine Investment Limited ("Gold Shine"), an indirectly held subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of interpretation of the government lease relating to its investment properties under development situated in Repulse Bay. A land premium may have to be paid to the government of the HKSAR in order for the properties to be rent out if the declarations sought were not granted to the Group. The court of first instance declined to grant the declarations sought. Gold Shine had lodged an appeal. The date for the appeal hearing has not yet been fixed up to the date these consolidated financial statements were authorised for issuance. The Group is of the view that the ultimate outcome of the case is not determinable at this stage and no provision was made by the Group.

Employees And Remuneration Policy

The total cost incurred for staff including directors' emoluments amounted to HK$397.2 million during the Year (2010: HK$245.7 million). The number of staff was approximately 1,332 as at the end of the Year (2010: 1,300). All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

To provide incentives or rewards to staff, the Company adopted a share option scheme on 9th September 2003. During the Year, no share option had been granted and outstanding share options as at 31st March 2011 was 40,385,529 share options.

Corporate Social Responsibility

The Group has carried on with its determined efforts on supporting hospice services during the Year, mostly in the name of Emperor Foundation. A gala supper "A Feast of Tastes" that featured nostalgic dishes has been staged in cooperation with Society for the Promotion of Hospice Care ("SPHC") and St. James' Settlement to treat over a hundred senior citizens and terminally ill patients for free. Set in the atrium of a shopping mall, the feast has served to boost the spirits of those approaching the end of their lives, raise fund for the two co-organizers and promote hospice care awareness to the public.

The Group has also become a sponsor of SPHC's annual fundraiser "Hike for Hospice" for the fourth consecutive year. The hospice counseling services at "Hubei Hong Kong Emperor Elderly Care Centre", a charity programme the Group started in 2007 in Wuhan City, Hebei Province with Social Workers Across Borders, has been extended for three more years after its three years of successful running upon mutual agreement with the Hong Kong NGO.

In response to the numerous natural disasters worldwide in the year of 2010, the Group has raised substantial donations to support relief works for the earthquakes in Haiti and Qinghai Province as well as the mudslide disaster in Gansu Province.

In recognition of its contribution to society, the Group has been awarded the 5 Years Plus Caring Company Logo for the year 2010–2011 by Hong Kong Council of Social Service.

2010 A volunteer trip to visit school children in a rural district in Shaoguan, Guangdong Province

"A Feast of Tastes Charity Banquet"

Non-executive Director (Chairperson)

LUK SIU MAN, SEMON, aged 55, joined the Company in June 1999 and acts as the Chairperson of the Company. She graduated from The University of Toronto with a Bachelor's Degree in Commerce. She worked in the banking industry for almost 10 years. Ms. Luk is also the non-executive director and chairperson of Emperor Entertainment Hotel Limited ("EEH"), the subsidiary of the Company, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Executive Director and Managing Director

WONG CHI FAI, aged 55, joined the Company in 1991 and acts as the Managing Director of the Company. He is the Chairman of the Remuneration Committee of the Company. He has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. 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 EEH, New Media Group Holdings Limited ("NMG") and Emperor Watch & Jewellery Limited ("EWJ"), all are companies listed on the Main Board of the Stock Exchange. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to property investment and development, hotel and hospitality, watch and jewellery retailing, entertainment as well as media.

Executive Director and Managing Director

FAN MAN SEUNG, VANESSA, aged 48, joined the Company in 1990 and acts as the Managing Director of the Company. She 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 EEH, NMG and EWJ. Besides having over 22 years of corporate management experience, she possesses diversified experience in different businesses including property investment and development, hotel and hospitality, financial and securities operations, watch and jewellery retailing, entertainment as well as media.

Executive Director

CHEUNG PING KEUNG, aged 55, joined the Company in 2005 and was appointed as Executive Director of the Company in February 2007. Mr. Cheung currently heads the Property Department and supervises all functions of the Property Department, including property acquisition, development, marketing and management. He graduated from University of London with a Bachelor's Degree (Hons) in Arts. He is a Chartered Valuation Surveyor and a Fellow of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. He is also an Accredited Canadian Appraiser. During the period from 1997 to 2005, Mr. Cheung was an executive director of Henderson Investment Limited, a listed company on the Main Board of the Stock Exchange. He has over 35 years of experience in professional general practice surveying as well as property development and marketing in Hong Kong, Macau, Mainland China and Canada.

Executive Director and Company Secretary

MOK FUNG LIN, IVY aged 46, 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 EEH.

Independent Non-Executive Director

CHAN MAN HON, ERIC, aged 54, was appointed as Independent Non-executive Director of the Company in February 2001. He is the Chairman of the Audit Committee of the Company. He graduated from the University of Hong Kong with a Bachelor's Degree in Laws in 1978. He also holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He is a practicing solicitor and a consultant of Vincent T.K. Cheung, Yap & Co. Currently, he is a non-executive director of Southeast Asia Properties & Finance Limited and an independent non-executive director of Global Bio-chem Technology Group Company Limited, the shares of both companies are listed on the Main Board of the Stock Exchange.

Independent Non-Executive Director

LIU HING HUNG, aged 47, was appointed as Independent Non-executive Director of the Company in September 2004. He is a member of the Audit Committee and the Remuneration Committee of the Company. He holds a Master's Degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong and also a member of the Society of Chinese Accountants and Auditors. He now runs a professional accountancy firm in Hong Kong and has over 10 years of experience in accounting, taxation, auditing and corporate finance. He is also an independent non-executive director of SIM Technology Group Limited, a company listed on the Main Board of the Stock Exchange.

Independent Non-Executive Director

LAW KA MING, MICHAEL, aged 50, was appointed as Independent Non-executive Director of the Company in June 2008. He is a member of the Audit Committee and the Remuneration Committee of the Company. He is a Chartered Quantity Surveyor of the Royal Institution of Chartered Surveyors. He holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. Mr. Law has more than 20 years of experience in hotel development, corporate management in logistic management services and trading of building material.

The directors of the Company (the "Directors" or the "Board") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31st March, 2011 ("Year").

Principal Activities

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 49 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31st March, 2011 are set out in the consolidated statement of comprehensive income on page 39.

The dividend paid during the year and proposed to be paid for the year are set out in note 14 to the consolidated statement of comprehensive income. The directors recommend the payment of a final dividend of HK$0.052 (2010: HK$0.04) per share for the year, amounting to HK$190.7 million subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

Annual General Meeting date	:	Tuesday, 16th August 2011
Record date for final dividend	:	Tuesday, 23rd August 2011
Final dividend payment date	:	Thursday, 15th September 2011

Investment Properties

During the Year, the Group acquired investment properties at a cost of approximately HK$1,174,997,000 and incurred costs of approximately HK$475,002,000 to investment property under construction.

At 31st March, 2011, the Group revalued all of its investment properties on an open market value basis. The increase in fair value amounting to approximately HK$3,277,519,000 has been credited to the consolidated statement of comprehensive income.

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

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

Property, Plant and Equipment

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK$109,289,000.

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

Share Capital

Details of movements during the Year in the share capital of the Company are set out in note 37 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group during the Year are set out on pages 42 and 43.

Directors and Directors' Service Contracts

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

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

Executive Directors:
Wong Chi Fai *(Managing Director)*
Fan Man Seung, Vanessa *(Managing Director)*
Cheung Ping Keung
Mok Fung Lin, Ivy (will resign on 1st July 2011)

Independent non-executive Directors:
Chan Man Hon, Eric
Liu Hing Hung
Law Ka Ming, Michael

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

In accordance with Bye-laws 87(2) and 87(3) of the Company's Bye-laws, Ms. Luk Siu Man, Semon, Mr. Wong Chi Fai and Mr. Chan Man Hon, Eric would retire by rotation at the forthcoming annual general meeting. All of them being eligible, offer themselves for re-election.

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

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

Directors' and Chief Executives' Interests and Short Positions in Securities

At 31st March, 2011, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies 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$0.01 each of the Company

Name of director	Nature of interests	Number of ordinary shares held	Approximate percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") *(Note 1)*	Family	2,532,991,824	69.08%

(ii) Share options

Name of director	Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai *(Note 2)*	Beneficial owner	16,154,212	0.44%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") *(Note 2)*	Beneficial owner	16,154,212	0.44%
Mr. Cheung Ping Keung *(Note 2)*	Beneficial owner	5,384,737	0.15%
Ms. Mok Fung Lin, Ivy *(Note 2)*	Beneficial owner	2,692,368	0.07%

Notes:

1. 2,532,991,824 shares of the Company 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 Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the same shares.

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

Directors' and Chief Executives' Interests and Short Positions in Securities – continued

(b) Long position interests in associated corporations

(i) Ordinary shares

Name of director	Name of associated corporation	Nature of interests	Number of issued ordinary share(s) held	Percentage of the issued share capital
Ms. Semon Luk	Charron *(Note 1)*	Family	1	100%
Ms. Semon Luk	Eternally Smart *(Note 1)*	Family	1	100%
Ms. Semon Luk	Million Way *(Note 1)*	Family	1	100%
Ms. Semon Luk	EEH *(Note 2)*	Family	760,897,845	58.87%
Ms. Semon Luk	Velba Limited ("Velba") *(Note 3)*	Family	1	100%
Ms. Semon Luk	NMG *(Note 3)*	Family	450,000,000	62.5%
Ms. Semon Luk	Allmighty Group Limited ("Allmighty Group") *(Note 4)*	Family	100	100%
Ms. Semon Luk	EWJ *(Note 4)*	Family	3,510,770,000	59.32%

(ii) Share options

Name of director	Name of associated corporation	Nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai	EEH	Beneficial owner	5,000,000 *(Note 5)*	0.39%
Ms. Vanessa Fan	EEH	Beneficial owner	5,000,000 *(Note 5)*	0.39%

Directors' and Chief Executives' Interests and Short Positions in Securities – continued

(b) Long position interests in associated corporations – continued

Notes:

1. 2,532,991,824 shares of the Company were held by Charron, which is also the holding company of Eternally Smart. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron, Eternally Smart and Million Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a director of the Company, was also deemed to be interested in the same shares.

2. EEH is a company with its shares listed in Hong Kong; 760,897,845 shares of EEH were held by Worthly Strong Investment Limited ("Worthly Strong"). The Company was owned as to 69.08% by Charron as at 31st March, 2011. 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 in EEH held by Worthly Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a director of the Company, was also deemed to be interested in the same shares.

3. 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 was 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 said 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.

4. EWJ is a company with its shares listed in Hong Kong; 3,510,770,000 shares of EWJ were held by Allmighty Group, a wholly-owned subsidiary of Million Way. Million Way was held by STC International which is 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 said 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.

5. These were share options granted to Mr. Wong Chi Fai and Ms. Vanessa Fan, being directors of EEH, under the share option scheme of EEH.

Save as disclosed above, as at 31st March, 2011, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

Share Options

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

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

Director	Date of grant	Exercise period	Exercise price HK$	Adjusted exercise price HK$	Outstanding Options at 1st April, 2010	Adjustments during the year*	Adjusted Outstanding options at 31st March, 2011
Mr. Wong Chi Fai	11.8.2005	11.8.2005 to 10.8.2015	1.880	–	10,000,000	(10,000,000)	–
				1.746	–	10,769,475	10,769,475
	28.1.2008	28.1.2008 to 27.1.2013	2.910	–	5,000,000	(5,000,000)	–
				2.702	–	5,384,737	5,384,737
Ms. Vanessa Fan	11.8.2005	11.8.2005 to 10.8.2015	1.880	–	10,000,000	(10,000,000)	–
				1.746	–	10,769,475	10,769,475
	28.1.2008	28.1.2008 to 27.1.2013	2.910	–	5,000,000	(5,000,000)	–
				2.702	–	5,384,737	5,384,737
Mr. Cheung Ping Keung	28.1.2008	28.1.2008 to 27.1.2013	2.910	–	5,000,000	(5,000,000)	–
				2.702	–	5,384,737	5,384,737
Ms. Ivy Mok	28.1.2008	28.1.2008 to 27.1.2013	2.910	–	2,500,000	(2,500,000)	–
				2.702	–	2,692,368	2,692,368
							40,385,529

* The number of share options and corresponding exercise price had been adjusted as a result of distribution of shares of the Company as disclosed in note 37(e).

Interests and Short Positions of Substantial Shareholders

As at 31st March, 2011, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a Director or chief executive of the Company) who had interests and short positions in the shares, underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity/nature of interests	Number of ordinary shares interested or deemed to be interested	Approximate percentage holding
Charron *(Note)*	Beneficial owner	2,532,991,824	69.08%
Million Way *(Note)*	Interest in a controlled corporation	2,532,991,824	69.08%
STC International *(Note)*	Trustee of the AY Trust	2,532,991,824	69.08%
Dr. Albert Yeung *(Note)*	Founder of the AY Trust	2,532,991,824	69.08%
Penta Investment Advisers Ltd.	Investment manager	297,367,197	8.11%

Note: The entire issued share capital of Charron was held by Million Way which was wholly-owned by STC International, 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 Charron. The said shares were the same shares as those set out under Section (a)(i) of "Directors' and Chief Executives' Interest and Short Positions in Securities" above.

Save as disclosed above, as at 31st March, 2011, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

Directors' Interests in Competing Business

As at 31st March, 2011, the interests of Directors or their respective associates in the business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

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

Save as disclosed above, as at 31st March, 2011, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

Directors' Interests in Contracts of Significance and Connected Transactions

During the Year, the Group had the following transactions with Directors or companies in which certain Directors have beneficial interests:

Continuing Connected Transactions

A. Leasing of properties – Operating lease rental received

	Name of counterparty	Date of transaction	Terms	Amount for the year ended 31st March, 2011 HK$'000
(a)	Emperor Connection Limited *(note 1)*	31st March, 2010	1st April, 2010 to 31st March, 2013	2,796
		26th May, 2008	1st April, 2008 to 31st March, 2011	183
(b)	Golden Finder Limited *(note 1)*	5th February, 2010	1st February, 2010 to 31st January, 2011	601
(c)	Strong Time Investments Limited *(note 2)*	31st March, 2010	1st April, 2010 to 31st March, 2012	4,590
		6th January, 2009	1st December, 2008 to 30th November, 2011	1,365
		6th January, 2009	1st April, 2009 to 30th November, 2011	244
(d)	Emperor Bullion Investments (Asia) Limited *(note 2)*	23rd April, 2008	1st April, 2008 to 31st March, 2011	2,650
		31st March, 2010	1st April, 2010 to 31st March, 2013	504
(e)	Beauty Royal Limited *(note 3)*	27th January, 2010	9th February 2010 to 22nd October, 2011	7,555
		31st March, 2009	1st May, 2009 to 30th April, 2012	7,600
		23rd October, 2008	23rd October, 2008 to 22nd October, 2011	28,500
		30th March, 2010	1st April, 2010 to 31st March, 2013	7,226

Continuing Connected Transactions – continued

A. Leasing of properties – Operating lease rental received – continued

	Name of counterparty	Date of transaction	Terms	Amount for the year ended 31st March, 2011 HK$'000
		16th May, 2008	1st July, 2008 to 30th June, 2011	7,783
		20th March, 2008	1st April, 2008 to 31st March, 2011	5,784
		25th June, 2010	1st September, 2010 to 31st August, 2013	14,700
		8th August, 2008 *(note 3a)*	1st August, 2010 to 31st July, 2012	16,107
		14th September, 2010	13th September, 2010 to 31st March, 2013	349
		31st August, 2010	1st September, 2010 to 31st August, 2012	168
		31st August, 2010	1st September, 2010 to 15th June, 2013	136
(f)	Moral Step Limited *(note 3)*	15th June, 2007 *(note 3b)*	16th June, 2010 to 15th June, 2013	1,680
		13th May, 2008 *(note 3b)*	16th June, 2010 to 15th June, 2013	67
(g)	EWJ Watch and Jewellery Company Limited *(note 3)*	25th March, 2009	1st April, 2009 to 31st March, 2012	2,702
		2nd June, 2008	1st July, 2008 to 30th June, 2011	1,238
(h)	Profit Broad Development Limited *(note 4)*	16th December, 2008	10th December, 2008 to 31st March, 2011	2,568
		28th February, 2011	1st March, 2011 to 28th February, 2013	24
(i)	Ulferts of Sweden (Far East) Limited *(note 5)*	27th March, 2009	1st April, 2009 to 31st March, 2012	9,775

Continuing Connected Transactions – continued

A. Leasing of properties – Operating lease rental received – continued

Notes:

(1) Emperor Connection Limited and Golden Finder Limited are indirectly controlled by the AY Trust (the founder of which is Dr. Albert Yeung who is the spouse of Ms. Semon Luk, a director of the Company), a deemed substantial shareholder of the Company.

(2) Strong Time Investments Limited and Emperor Bullion Investments (Asia) Limited are indirectly wholly-owned by a discretionary trust set up by a family member of Dr. Albert Yeung who is a deemed substantial shareholder of the Company.

(3) Beauty Royal Limited, Moral Step Limited and EWJ Watch and Jewellery Company Limited are subsidiaries of Emperor Watch & Jewellery Limited, the substantial shareholder of which is indirectly controlled by the AY Trust.

(3a) the Group became the landlord of the relevant property under the tenancy agreement upon completion of the acquisition of the property on 30th March, 2010.

(3b) the Group became the landlord of the relevant property under the tenancy agreement upon completion of the acquisition of the property on 31st August, 2010.

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

(5) Ulferts of Sweden (Far East) Limited is indirectly controlled by the AY Trust.

B. Service Agreement in relation to the operation of the Grand Emperor Hotel

Name of parties

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

(2) Sociedade de Jogos de Macau, S.A., ("SJM"), a company incorporated in Macau, which is principally engaged in gaming business in Macau and is one of the six concessionaires/sub-concessionaries licensed to carry on casino operations in Macau. SJM has 19.99% equity interest in Luck United Holdings Limited, a company indirectly owned as to 60% by EEH which in turn is indirectly owned as to more than 50% by the Company.

Nature of transaction

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

Continuing Connected Transactions – continued

B. Service Agreement in relation to the operation of the Grand Emperor Hotel – continued

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

Amount for the year ended 31st March, 2011
During the year, the Group's net receipt under the agreement amount to HK$1,056,405,559.

Save as Note 41(iii)(c) to the consolidated financial statements, "Disposal of property held for sale to related companies" in the amount of HK$19,470,000 for the Year and "Rental income from related companies" in the amount of HK$130,631,000 for the Year as shown in note 46 – "Related Party Transactions" to the consolidated financial statements which constituted connected transactions of the Company under Chapter 14A of the Listing Rules, all other transactions as shown in note 46 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33/14A.65(4) of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

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

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

(b) have been entered into in accordance with the terms of the relevant agreements governing such transactions;

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

(d) were in accordance with the pricing policies of the Group (for transactions involving provision of goods or services by the Group).

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

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

(ii) on normal commercial terms; and

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

Connected Transactions

(1) Acquisition of Richfield Development Limited

On 1st April, 2010, Good Force Investments Limited ("Good Force"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Gain Wealth Investments Limited, a company controlled by the AY Trust, a deemed substantial shareholder of the Company for the acquisition of Richfield Development Limited ("Richfield") at a total consideration of approximately HK$16,900,000. The major asset owned by a wholly-owned subsidiary of Richfield is a property located at Unit No. 4, 6/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong. The transaction was completed on 3rd May, 2010.

(2) Sale of residential units

On 2nd May, 2010, Arch-Concept Limited ("Arch-Concept"), an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with a company controlled by Mr. Wong Chi Fai, an executive director of the Company, for the sale of a residential unit (Unit No.18B with 895 sq. fit.) at Harbour One at a consideration of HK$11,583,600.

On 2nd May, 2010, Arch-Concept also entered into a sale and purchase agreement with an associate of Ms. Fan Man Seung, Vanessa, an executive director of the Company, for the sale of a residential unit (Unit No. 11A with 1,536 sq. ft.) at Harbour One at a consideration of HK$16,856,000.

On 2nd May, 2010, Arch-Concept also entered into another sale and purchase agreement with a company controlled by the brother of Mr. Chan Man Hon, Eric, a director of the Company, for the sale of a residential unit (Unit No. 15B with 895 sq. ft.) at Harbour One at a consideration of HK$11,350,000.

Completion of the above transactions is expected to be on or before 31st December, 2012.

(3) Disposal of CAIT International Limited

On 2nd August, 2010, Good Force entered into a sale and purchase agreement with Ms. Alice Yeung, a daughter of Dr. Yeung, being a deemed substantial shareholder of the Company, for the disposal of CAIT International Limited ("CAIT International") and its subsidiary at a consideration of HK$19,470,000. The asset owned by the wholly-owned subsidiary of CAIT International is a residential flat situated at Flat C2, 6/F, Block C with carpark No. 38 and Space No. 38A at Car Park 1, Beverly Hill, No. 6 Broadwood Road, Hong Kong. The transaction was completed on 20th October, 2010.

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

Confirmation of Independence of Independent Non-Executive Directors

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

Emolument Policy

The emolument policy of the Group to reward its employees and executive Directors is based on their performance, qualifications, competence displayed, market comparables and the performance of the Group. Remuneration packages typically comprise salary, discretionary bonus and other fringe benefits, including medical insurance and the Group's contribution to retirement benefits schemes. The Directors are paid fees in line with market practice whilst the emoluments of executive Directors/senior management are determined by the Remuneration Committee which will review the same regularly.

Purchase, Sale or Redemption of The Company's Listed Securities

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

Pre-Emptive Rights

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

Distributable Reserves of The Company

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

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

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

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

The Company's reserves available for distribution to shareholders as at 31st March, 2011 represented the aggregate of contributed surplus and accumulated profits amounting to HK$2,787,971,000 (2010: HK$3,049,183,000).

Donations

During the Year, the Group made charitable donations amounting to approximately HK$900,000.

Major Suppliers and Customers

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented 68% of the Group's total revenue. The largest customer accounted for 66% to the Group's total revenue.

During the Year, the aggregate amount of purchases and services received attributable to the Group's five largest suppliers represented 13% of the Group's total purchases and services received. The largest supplier accounted for 4% to the Group's total purchases and services received.

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

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 31 to 36.

Sufficiency of Public Float

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

Event After The Reporting Period

Details of post balance sheet events are set out in note 48 to the consolidated financial statements.

Auditor

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

On behalf of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong
28th June, 2011

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the financial year ended 31st March, 2011.

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 at 31st March, 2011, the Board comprised eight Directors, with one Non-executive Director who is also the Chairperson of the Company, two Managing Directors, two Executive Directors and three Independent Non-executive Directors. The biographies of the Directors are set out on pages 15 to 16 of this 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. Luk Siu Man, Semon has been appointed as the Chairperson since 1999. The Chairperson, with the assistance of the Company Secretary, is responsible for setting the agenda for each Board meeting, taking into account any matters proposed by the Directors. With the support of the Company Secretary, the Chairperson also ensures that all Board members work effectively and discharge their responsibility by providing timely, reliable and sufficient information on issues to be discussed at each Board meeting. All Board members are properly briefed on the issues to be discussed and the meeting materials are dispatched to the Directors before the meetings.

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

Independent Non-executive Directors

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

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

Board Meetings

The Board met regularly and board meetings were held at approximately quarterly intervals. The Board held seventeen Board meetings during the year ended 31st March, 2011 with the attendance by each Director as follows:

Name of director	Meetings attended/ No. of Board meeting	Approximate Attendance rate
Non-executive Director		
Luk Siu Man, Semon *(Chairperson)*	17/17	100%
Executive Directors		
Wong Chi Fai *(Managing Director)*	17/17	100%
Fan Man Seung, Vanessa *(Managing Director)*	17/17	100%
Cheung Ping Keung	17/17	100%
Mok Fung Lin, Ivy	17/17	100%
Independent Non-executive Directors		
Chan Man Hon, Eric	16/17	94%
Liu Hing Hung	17/17	100%
Law Ka Ming, Michael	17/17	100%

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. Board meeting notice was sent to the Directors at least 14 days prior to regular Board meetings. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director.

There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

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

Delegation by the Board

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

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

The Board set up the Audit Committee and Remuneration Committee on 23rd September, 2004 and 19th July, 2005 respectively. 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 Messrs. Chan Man Hon, Eric (Chairman of the Committee), Liu Hing Hung and Law Ka Ming, Michael. The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, 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 at the Company's website at http:// www.emperorinternational.com.hk.

The Audit Committee convened three meetings during the year ended 31st March, 2011 with the attendance of each committee member as follows:

Name of Committee member	Meetings attended/ No. of meetings	Attendance rate
Chan Man Hon, Eric *(Chairman)*	3/3	100%
Liu Hing Hung	3/3	100%
Law Ka Ming, Michael	3/3	100%

A summary of the work performed by the Audit Committee during the financial year ended 31st March, 2011 is set out below:

i. reviewed with the senior management and finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 31st March, 2010 and the interim financial statements for the period ended 30th September, 2010;

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

iii. reviewed the non-exempt continuing connected transactions of the Group for the year ended 31st March, 2010;

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

v. discussed with the external auditor, senior management and finance-in-charge of the audit plan for the year ended 31st March, 2011;

vi. reviewed the independence of the external auditor and approved the engagement 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 Committee) being the Managing Director, Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael, both being Independent Non-executive Directors. The primary duties of the Remuneration Committee are making recommendation to the Board on Company's policy and structure for all remuneration of Directors and senior management and determining specific remuneration packages of all Executive Directors and senior management. Details of the remuneration of each of the Directors for the year ended 31st March, 2011 are set out in note 12 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available at the Company's website.

The Remuneration Committee convened one meeting during the year ended 31st March, 2011 with the attendance by each committee member as follows:

Name of Committee member	Meetings attended/ No. of meeting	Attendance rate
Wong Chi Fai *(Chairman)*	1/1	100%
Liu Hing Hung	1/1	100%
Law Ka Ming, Michael	1/1	100%

A summary of the work performed by the Remuneration Committee during the year ended 31st March, 2011 is set out as follows:

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

ii. reviewed the current level and remuneration structure/package of the Executive Directors and approved the specific remuneration packages of 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. 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 of the company are set out in note 38 to the consolidated financial statements.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors of the Company, all of them confirmed that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 31st March, 2011.

Accountability and Audit

Financial Reporting

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

Internal Controls

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

During the financial year ended 31st March, 2011, the Board had conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries. It 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 management and advise on the implementation of necessary steps of systems to enhance operational or financial controls.

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

The Audit Committee has made recommendation to the Board that the management has discharged its duty to have an effective internal controls system.

Communication With Shareholders

The Company communicates with the shareholders mainly in the following ways: (i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purposes which provide opportunities for the shareholders to communicate directly with the Board; (ii) the publication of announcements, annual reports, interim reports and/ or circulars as required under the Listing Rules and press releases providing updated information of the Group; and (iii) the availability of latest information of the Group in our website at http://www.emperorinternational.com.hk; and (iv) the holding of press conference from time to time.

There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website and raise enquires through our Investor Relations Department whose contact details are available on the Company's website.

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

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

The Company's notice to shareholders for the 2010 annual general meeting was sent to shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to shareholders at least 10 clear business days before the meetings.

The chairperson of each meeting and the chairman/members of the Committees (if required under the Listing Rules) at the last annual general meeting held on 18th August, 2010 and the special general meetings held on 29th April, 2010 and 14 February, 2011 were available to answer questions from the shareholders. The chairperson of each meeting had explained the procedures for conducting a poll during the meetings.

Auditor's Remuneration

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

Service rendered	Fees paid/payable HK$'000
Audit services	6,323
Non-audit services – preparation of accountants' report on unaudited performa information in respect of corporate restructuring as set out under the section headed "Corporate Restructuring" in the Chairperson's Statement of this annual report	381

Deloitte.
德勤

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

We have audited the consolidated financial statements of Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 39 to 117, which comprise the consolidated statement of financial position as at 31st March, 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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, 2011 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, 2011

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2011

	Notes	2011 HK$'000	2010 HK$'000 (restated)
Revenue	7	1,784,847	1,449,773
Cost of sales		(13,283)	(231,348)
Cost of hotel and hotel related operations		(416,108)	(238,685)
Direct operating expenses		(25,672)	(15,161)
Gross profit		1,329,784	964,579
Other income		32,655	24,383
Fair value change in investment properties		3,277,519	2,460,495
Reversal of impairment losses	9	974	25,333
Selling and marketing expenses		(480,950)	(159,995)
Administrative expenses		(260,402)	(180,347)
Finance costs	10	(99,407)	(107,648)
Share of results of associates		30	184,942
Discount on acquisition of subsidiaries	41	–	102,552
Discount on acquisition of additional interest in subsidiaries	41	–	20,616
Profit before taxation	11	3,800,203	3,334,910
Taxation charge	13	(99,373)	(148,633)
Profit for the year		3,700,830	3,186,277
Other comprehensive income			
Exchange differences arising on translation of foreign subsidiaries		68,129	3,942
Share of other comprehensive income of an associate			
– Translation difference		–	152
Asset revaluation surplus	41	–	28,784
Other comprehensive income for the year (net of tax)		68,129	32,878
Total comprehensive income for the year		3,768,959	3,219,155
Profit for the year attributable to:			
Owners of the Company		3,444,702	3,059,424
Non-controlling interests		256,128	126,853
		3,700,830	3,186,277
Total comprehensive income attributable to:			
Owners of the Company		3,507,846	3,091,883
Non-controlling interests		261,113	127,272
		3,768,959	3,219,155
Earnings per share	15		
Basic		HK$1.00	HK$1.35
Diluted		HK$1.00	HK$1.09

Consolidated Statement of Financial Position

AT 31st March, 2011

	Notes	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Non-current assets				
Investment properties	16	17,928,096	13,332,798	6,180,610
Property, plant and equipment	17	1,673,463	1,463,680	574,617
Properties under development	18	–	–	1,021,743
Deposits paid for acquisition of investment properties/property, plant and equipment		386,162	60,731	32,830
Prepaid lease payments	19	318,414	326,982	271,565
Interests in associates	20	172	142	800,462
Amount due from an associate	21	2,645	2,645	2,645
Deposits in designated bank account for development properties	30	39,835	198,892	220,934
Loans receivables	22	178,003	1,784	1,862
Goodwill	23	56,683	56,683	1,940
Other assets	24	4,442	4,442	4,442
		20,587,915	15,448,779	9,113,650
Current assets				
Inventories	25	8,153	7,343	543
Properties held for sale	26	6,720	18,467	27,055
Properties under development	27	2,654,075	2,460,641	1,019,476
Prepaid lease payments	19	8,568	8,568	5,904
Trade and other receivables	28	922,330	445,226	140,295
Investments in trading securities	29	1	1	90
Taxation recoverable		58	32	10,293
Pledged bank deposit	31	300	300	–
Bank balances and cash	31	1,097,053	892,256	322,761
		4,697,258	3,832,834	1,526,417
Current liabilities				
Trade and other payables	32	1,670,370	695,875	748,905
Amount due to a related company	33	354,919	–	1,880,980
Amount due to an associate	21	–	–	3
Amounts due to non-controlling interests of subsidiaries	34	203,451	136,532	19,504
Taxation payable		164,730	159,053	4,320
Secured bank borrowings – due within one year	35	1,444,112	1,876,548	1,226,529
		3,837,582	2,868,008	3,880,241
Net current assets (liabilities)		859,676	964,826	(2,353,824)
Total assets less current liabilities		21,447,591	16,413,605	6,759,826

AT 31st March, 2011

	Notes	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
Non-current liabilities				
Amount due to a related company	33	2,247,790	1,697,876	–
Amounts due to non-controlling interests of subsidiaries	34	72,983	162,334	–
Secured bank borrowings – due after one year	35	4,228,511	3,354,138	1,794,586
Deferred taxation	36	338,757	283,871	39,007
		6,888,041	5,498,219	1,833,593
		14,559,550	10,915,386	4,926,233
Capital and reserves				
Share capital	37	36,668	29,683	17,752
Reserves		13,175,593	9,364,541	4,908,779
Equity attributable to the owners of the Company		13,212,261	9,394,224	4,926,531
Non-controlling interests	40	1,347,289	1,521,162	(298)
		14,559,550	10,915,386	4,926,233

The consolidated financial statements on pages 39 to 117 were approved and authorised for issue by the Board of Directors on 28th June, 2011 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, 2011

	Share capital HK$'000	Share premium HK$'000	Convertible bond equity reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2009 (as originally stated)	17,752	2,761,028	–	85,738	20,987	105,368	110	416,327	1,384,954	4,792,264	(298)	4,791,966
Effect of changes in accounting policies	–	–	–	–	–	–	–	–	134,267	134,267	–	134,267
At 1st April, 2009 (as restated)	17,752	2,761,028	–	85,738	20,987	105,368	110	416,327	1,519,221	4,926,531	(298)	4,926,233
Exchange differences arising on translation of foreign subsidiaries	–	–	–	3,523	–	–	–	–	–	3,523	419	3,942
Share of other comprehensive income of an associate	–	–	–	152	–	–	–	–	–	152	–	152
Asset revaluation surplus attributable to the previous interest in an associate, net of tax of HK$3,925,000 *(note 41)*	–	–	–	–	–	28,784	–	–	–	28,784	–	28,784
Profit for the year	–	–	–	–	–	–	–	–	3,059,424	3,059,424	126,853	3,186,277
Total comprehensive income for the year	–	–	–	3,675	–	28,784	–	–	3,059,424	3,091,883	127,272	3,219,155
Depreciation attributable to revaluation surplus	–	–	–	–	–	(1,425)	–	–	1,672	247	–	247
Acquisition of subsidiaries *(note 41)*	–	–	–	–	–	–	–	–	–	–	1,438,374	1,438,374
Issue of shares	1,931	218,163	–	–	–	–	–	–	–	220,094	–	220,094
Acquisition of additional interest in a subsidiary *(note 41)*	–	–	–	–	–	–	–	–	–	–	(41,119)	(41,119)
Recognition of equity component of convertible bond *(note 39)*	–	–	470,579	–	–	–	–	–	–	470,579	–	470,579
Issue of shares upon conversion of convertible bond *(note 39)*	10,000	1,239,948	(470,579)	–	–	–	–	–	–	779,369	–	779,369
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	10,665	10,665
Dividend paid to owners of the Company – interim dividend for 2010	–	–	–	–	–	–	–	(94,479)	–	(94,479)	–	(94,479)
Dividend paid to non-controlling interests – interim dividend for 2010	–	–	–	–	–	–	–	–	–	–	(13,732)	(13,732)
At 31st March, 2010 (as restated)	29,683	4,219,139	–	89,413	20,987	132,727	110	321,848	4,580,317	9,394,224	1,521,162	10,915,386

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2011

	Share capital HK$'000	Share premium HK$'000	Convertible bond equity reserve HK$'000	Translation reserve HK$'000	Share option reserve HK$'000	Asset revaluation reserve HK$'000	Other reserve HK$'000	Contributed surplus HK$'000	Accumulated profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1st April, 2010 (as restated)	29,683	4,219,139	–	89,413	20,987	132,727	110	321,848	4,580,317	9,394,224	1,521,162	10,915,386
Exchange differences arising on translation of foreign subsidiaries	–	–	–	63,144	–	–	–	–	–	63,144	4,985	68,129
Profit for the year	–	–	–	–	–	–	–	–	3,444,702	3,444,702	256,128	3,700,830
Total comprehensive income for the year	–	–	–	63,144	–	–	–	–	3,444,702	3,507,846	261,113	3,768,959
Depreciation attributable to revaluation surplus	–	–	–	–	–	(1,847)	–	–	2,153	306	–	306
Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	–	–	4,232	4,232
Corporate Restructuring												
– Acquisition of additional interest in Expert Pearl Group *(note 37(c))*	1,860	299,584	–	–	–	–	56,265	–	–	357,709	(357,709)	–
– Acquisition of additional interest in connection with the Offer *(note 37(d))*	177	28,449	–	–	–	–	4,527	–	–	33,153	(33,859)	(706)
– Distribution of the Company's shares *(note 37(e))*	4,948	(4,948)	–	–	–	–	–	–	–	–	–	–
Deemed capital contribution arising from fair value adjustment on amount due to a related company	–	–	–	–	–	–	180,234	–	–	180,234	–	180,234
Dividend paid to owners of the Company												
– final dividend for 2010	–	–	–	–	–	–	–	(118,732)	–	(118,732)	–	(118,732)
– interim dividend for 2011	–	–	–	–	–	–	–	(142,479)	–	(142,479)	–	(142,479)
Dividend paid to non-controlling interests												
– final dividend for 2010	–	–	–	–	–	–	–	–	–	–	(26,372)	(26,372)
– interim dividend for 2011	–	–	–	–	–	–	–	–	–	–	(21,278)	(21,278)
At 31st March, 2011	36,668	4,542,224	–	152,557	20,987	130,880	241,136	60,637	8,027,172	13,212,261	1,347,289	14,559,550

Note: The contributed surplus of the Group represents the aggregate of (a) the difference between the sum of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition; and (b) the surplus arising on reduction of share capital effective in March 2003; less (c) subsequent dividend paid and bonus issues by way of capitalisation of contributed surplus.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2011

	2011 HK$'000	2010 HK$'000 (restated)
Cash flows from operating activities		
Profit before taxation	3,800,203	3,334,910
Adjustments for:		
Interest income	(6,522)	(2,995)
Interest expenses	96,700	103,986
Release of prepaid lease payments	8,568	5,050
Depreciation	116,440	78,636
Share of results of associates	(30)	(184,942)
Loss (gain) on disposal of property, plant and equipment	114	(235)
Written off of properties, plant and equipment	–	57,303
Reversal of impairment losses recognised	(974)	(25,333)
Change in fair value of trading securities	–	89
Change in fair value of investment properties	(3,277,519)	(2,460,495)
Reversal of allowance for bad and doubtful debts	(2,079)	(416)
Discount on acquisition of subsidiaries	–	(102,552)
Discount on acquisition of additional interest in subsidiaries	–	(20,616)
Operating cash flows before movements in working capital	734,901	782,390
Increase in inventories	(810)	(1,537)
Decrease in properties held for sale	12,721	231,349
Increase in properties under development for sale	(157,458)	(1,334,123)
Increase in trade and other receivables	(45,532)	(13,458)
Increase (decrease) in trade and other payables	514,799	(456,559)
Net cash generated from (used in) operations	1,058,621	(791,938)
Interest received from bank deposits and other receivables	6,522	2,995
Hong Kong Profits Tax paid	(21,526)	(9,958)
PRC Enterprise Income Tax paid	(18,083)	(7,546)
Net cash generated from (used in) operating activities	1,025,534	(806,447)

For the year ended 31st March, 2011

	Note	2011 HK$'000	2010 HK$'000 (restated)
Cash flows from investing activities			
Purchase of investment properties and costs incurred for investment properties under development		(1,558,773)	(2,423,864)
Purchase of properties under development – non-current		–	(27,865)
Purchase of property, plant and equipment		(109,289)	(48,241)
Deposits made on acquisition of investment properties/properties, plant and equipment		(379,115)	(45,967)
Decrease in deposits in designated bank account for development properties		159,357	22,748
Proceeds from disposal of investment properties		–	383,318
Decrease in loans receivable		87	78
Proceeds from disposal of property, plant and equipment		775	343
Net cash inflow arising from acquisition of subsidiaries	41	–	661,951
Net cash used in investing activities		(1,886,958)	(1,477,499)
Cash flows from financing activities			
Acquisition of additional interests in subsidiaries		(706)	(20,503)
New bank loans raised		5,809,750	7,287,038
Advance from a related company		1,473,482	3,694,435
Repayment of bank loans		(5,367,813)	(5,232,158)
Repayment of advance from a related company		(422,051)	(2,677,539)
Interest on bank and other borrowings paid		(92,579)	(70,254)
Dividends paid to owners of the Company		(261,211)	(94,479)
Dividends paid to non-controlling interests of subsidiaries		(47,650)	(24,030)
Repayment to non-controlling interests of subsidiaries		(32,000)	(10,000)
Net cash generated from financing activities		1,059,222	2,852,510
Net increase in cash and cash equivalents		197,798	568,564
Cash and cash equivalents at beginning of the year		892,256	322,761
Effect of exchange rate changes		7,299	931
Cash and cash equivalents at end of the year, representing bank balances and cash		1,097,353	892,256

1. General

The Company is a public limited company incorporated in Bermuda as an exempted company and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Charron Holdings Limited, a limited liability company incorporated in British Virgin Islands ("BVI"). Its ultimate holding company is Million Way Holdings Limited, a limited liability company incorporated in BVI. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

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

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 49.

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 and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the Group have early adopted the amendments to HKAS 12 "Income Taxes", in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40 "Investment Property".

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – INT 17	Distributions of non-cash assets to owners
HK – INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS"s) – continued

Amendments to HKAS 7 Statement of cash flows (as part of Improvements to HKFRSs issued in 2009)
As a part of the consequential amendments of HKAS 27, HKAS 7 specifies that the cash flows arising from changes in ownership interest in a subsidiary that do not result in a loss of control should be classified as financing activities in the consolidated statement of cash flows. This change has been applied retrospectively. Accordingly, the cash consideration paid in the prior year of HK$20,503,000 in respect of acquisition of additional interest in a subsidiary has been reclassified from cash flows used in investing activities to cash flows used in financing activities.

The cash paid of HK$706,000 in respect of the acquisition of additional interest in a subsidiary in current year has also been presented as cash flows used in financing activities. Details are set out in note 37(d).

HKAS 27 (as revised in 2008) Consolidated and separate financial statements
The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

These changes have been applied prospectively from 1st April, 2010 in accordance with the relevant transitional provision.

The application of the revised Standard has affected the accounting for the Group's acquisition of additional equity interest in the Expert Pearl Investments Limited and its subsidiaries ("Expert Pearl Group") and Emperor Entertainment Hotel Limited ("EEH") in the current year. Details of which are set out in note 37(c) and (d) respectively.

The change in policy has resulted in the difference of HK$56,265,000 between the consideration paid of HK$301,444,000 and the decrease in non-controlling interest of HK$357,709,000 from the acquisition of additional interest in Expert Pearl Group, being recognised in other reserve, instead of in profit or loss.

The change in policy has also resulted in the difference of HK$4,527,000 between the consideration paid of HK$29,332,000 and the decrease in non-controlling interest of HK$33,859,000 from the acquisition of additional equity interest in EEH, being recognised directly in other reserve, instead of in profit or loss.

Therefore, the change in accounting policy has resulted in a decrease in the profit for the year of HK$60,792,000.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS"s) – continued

Amendments to HKAS 17 Leases

As part of "Improvements to HKFRSs" issued in 2009, HKAS 17 "Leases" has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1st April, 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment/properties under development (non-current) retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$471,148,000 and HK$276,547,000 as at 1st April, 2009 and 31st March, 2010 respectively being reclassified to property, plant and equipment/properties under development (non-current).

As at 31st March, 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$271,775,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

Hong Kong Interpretation 5 Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Hong Kong Interpretation 5 "Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause" ("HK INT 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("Repayment on Demand Clause") should be classified by the borrower as current liabilities. The Group has applied HK INT 5 for the first time in the current year. Hong Kong Interpretation 5 requires retrospective application.

In order to comply with the requirements set out in HK INT 5, the Group has changed its accounting policy on classification of term loans with a Repayment on Demand Clause. In the past, the classification of such term loans was determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK INT 5, term loans with a Repayment on Demand Clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$79,198,000 have been reclassified from non-current liabilities to current liabilities as at 31st March, 2010 (1st April, 2009: nil). As at 31st March, 2011, bank loans (that are repayable more than one year after the end of reporting period but contain a Repayment on Demand Clause) with the aggregate carrying amount of HK$61,944,000 have been classified as current liabilities. The application of HK Int 5 has had no impact on the reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS"s) – continued

Amendments to HKAS 12 Income taxes

Amendments to HKAS 12 titled "Deferred tax: Recovery of underlying assets" have been applied in advance of their effective date (annual periods beginning on or after 1st January, 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances.

The Group's investment properties are measured using the fair value model. As a result, the Group's investment properties located in Hong Kong have been presumed to be recovered through sale for the purpose of measuring deferred tax liabilities and deferred tax assets in respect of such properties. This resulted in deferred tax liabilities being decreased by HK$134,267,000 and HK$395,686,000 as at 1st April, 2009 and 31st March, 2010 respectively, with the corresponding adjustment being recognised in retained earnings.

Also, no deferred tax has been provided for in respect of changes in fair value of such investment properties located in Hong Kong in the current year, whereas previously deferred tax liabilities were provided for in relation to the changes in fair value of these investment properties. The application of the amendments has resulted in profit for the year being increased by HK$489,244,000.

In addition, the Group has rebutted the presumption that the Group's investment properties located in the PRC and Macau as such properties are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Accordingly, the adoption of amendments to HKAS 12 has no impact on the deferred tax liabilities in respect of properties located in the PRC and Macau.

Summary of the effects of the above changes in accounting policies

The effects of changes in accounting policies described above on the results for the current and prior year by line items are as follows:

	2011 HK$'000	2010 HK$'000
Decrease in income tax expense	489,244	261,419
Decrease in discount on acquisition of additional interest in subsidiaries	(60,792)	–
Increase in profit for the year attributable to the owners of the Company	428,452	261,419

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS"s) – continued

Summary of the effects of the above changes in accounting policies – continued

The effects of the above changes in accounting policies on the financial positions of the Group as at 1st April, 2009 and 31st March, 2010 are as follows:

	As at 1.4.2009 (originally stated) HK$'000	Adjustments HK$'000	As at 1.4.2009 (restated) HK$'000	As at 31.3.2010 (originally stated) HK$'000	Adjustments HK$'000	As at 31.3.2010 (restated) HK$'000
Property, plant and equipment	293,298	281,319	574,617	1,187,133	276,547	1,463,680
Prepaid lease payments – non-current	734,067	(462,502)	271,565	598,738	(271,756)	326,982
Prepaid lease payments – current	14,550	(8,646)	5,904	13,359	(4,791)	8,568
Properties under development – non-current	831,914	189,829	1,021,743	–	–	–
Secured bank borrowings – due within one year	(1,226,529)	–	(1,226,529)	(1,797,350)	(79,198)	(1,876,548)
Secured bank borrowings – due after one year	(1,794,586)	–	(1,794,586)	(3,433,336)	79,198	(3,354,138)
Deferred tax liabilities	(173,274)	134,267	(39,007)	(679,557)	395,686	(283,871)
Total effects on net assets	(1,320,560)	134,267	(1,186,293)	(4,111,013)	395,686	(3,715,327)
Accumulated profits and total effects on equity	(1,384,954)	(134,267)	(1,519,221)	(4,184,631)	(395,686)	(4,580,317)

The effects of the above changes in accounting policies on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted earnings per share

	Impact on basic earnings per share		Impact on diluted earnings per share	
	Year ended 31.3.2011 HK$	Year ended 31.3.2010 HK$	Year ended 31.3.2011 HK$	Year ended 31.3.2010 HK$
Figures before adjustments	0.88	1.23	0.88	1.00
Adjustments arising from changes in the Group's accounting policies in relation to:				
– deferred tax for investment properties	0.14	0.12	0.14	0.09
– discount on acquisition of additional interest in subsidiaries	(0.02)	–	(0.02)	–
Figures after adjustments	1.00	1.35	1.00	1.09

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS"s) – continued

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[2]
HKFRS 7 (Amendments)	Disclosures – Transfers of financial assets[4]
HKFRS 9	Financial instruments[5]
HKAS 24 (Revised 2009)	Related party disclosures[3]
HK(IFRIC) – INT 14 (Amendments)	Prepayments of a minimum funding requirement[3]
HK(IFRIC) – INT 19	Extinguishing financial liabilities with equity instruments[1]

1 Effective for annual periods beginning on or after 1st July, 2010.
2 Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate.
3 Effective for annual periods beginning on or after 1st January, 2011.
4 Effective for annual periods beginning on or after 1st July, 2011.
5 Effective for annual periods beginning on or after 1st January, 2013.

In addition to the above the HKICPA issued the following standards on 24th June, 2011.

HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures

These new or revised standards are mandatorily effective for annual periods beginning on or after 1st January, 2013. Early application is permitted so long as all of the six new or revised standards are applied early. The directors anticipate these standards will be adopted in the Group's consolidated financial statements for the period beginning 1st April, 2013. The directors have not yet had an opportunity to consider the potential impact of the adoption of these standards.

Other than as described above, the directors of the Company anticipate that the application of the other new or revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with 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.

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

3. Significant Accounting Policies – continued

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1st April, 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1st April, 2010

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

Changes in the Group's ownership interests in existing subsidiaries prior to 1st April, 2010

For increases in interests in existing subsidiaries, 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. If the carrying value of assets and liabilities of the acquiree attributable to the additional interest acquired exceeds the cost of acquisition, the excess is recognised immediately in profit or loss. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests which was the carrying amount of net assets attributable to decrease in interests was recognised in profit or loss.

3. Significant Accounting Policies – continued

Business combinations that took place before 1st April, 2010

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

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

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

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

Goodwill

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

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

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

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

3. Significant Accounting Policies – continued

Investments in associates

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

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

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

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

Joint ventures

Jointly controlled operations

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

Investment properties

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

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

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

3. Significant Accounting Policies – continued

Investment properties – continued

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the 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 period in which the item is derecognised.

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

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost or fair value upon transfer from investment properties, less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

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

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

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

3. Significant Accounting Policies – continued

Property under development – non-current

Property under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Property under development for future owner-occupied purpose is transferred to property under development for sale when there is a change in use of property with a view to sale in the ordinary course of business.

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 the reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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 lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. Significant Accounting Policies – continued

Leasehold land and building

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

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

Inventories

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

Properties held for sale

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

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

Property under development

Property under development for sale in the ordinary course of business is included in current assets and stated at the lower of cost and net realisable value. Costs relating to the development of the properties include land cost, construction cost and other direct development expenditure.

3. Significant Accounting Policies – continued

Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

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

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

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial assets – continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from an associate, loan receivables, 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 loans and receivables have been affected.

Objective evidence of impairment could include:

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

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

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

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

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period 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, amounts due to a related company/an associate/non-controlling interests of subsidiaries and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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

Convertible bond

Convertible bond issued by the Company contain liability, conversion option and early redemption option. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instrument is classified as an equity instrument. Early redemption option embedded in non-derivative host liability component with risks and characteristics that are closely related to the liability component is not separated from the liability component.

On initial recognition, the fair value of the liability component (including early redemption option which is closely related) is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bond into equity, is included in equity (convertible bond equity reserve).

In subsequent periods, the liability component of the convertible bond is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bond equity reserve until the embedded option is exercised (in which case the balance stated in convertible bond equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bond equity reserve will be released to the accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. Significant Accounting Policies – continued

Financial instruments – continued

Financial liabilities and equity instruments – continued

Convertible bond – continued

Transaction costs that relate to the issue of the convertible bond are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bond using the effective interest method.

Equity instruments

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

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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

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 receivable for goods and services provided in the normal ordinary course of business, net of discounts and sales related taxes.

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

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

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

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

3. Significant Accounting Policies – continued

Revenue recognition – continued

Service income is recognised when the services are provided.

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

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

Taxation

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

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

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

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

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

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

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

3. Significant Accounting Policies – continued

Taxation – continued

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

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve), and will be reclassified from equity to profit or loss on disposal of the foreign operation.

Share-based payment transactions

Share options granted to employees

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

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 forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to 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 application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated net realisable value on properties under development for sale

In determining whether allowances should be made to the Group's properties under development for sale of HK$2,654,075,000 (2010: HK$2,460,641,000), the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result.

Fair value of investment properties

The carrying amount of investment properties of HK$17,928,096,000 at 31st March, 2011 (2010: HK$13,332,798,000) comprises investment properties at fair value of HK$17,318,801,000 (2010: HK$12,731,660,000) and cost of HK$609,295,000 (2010: HK$601,138,000). For investment properties carried at fair value, the amount was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions and inputs of market conditions, including:

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

Changes to these assumptions and inputs would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the profit or loss. For the investment properties under development of which the fair value is not reliably determinable, such investment properties under development are measured at cost using the cost model under HKAS16 "Property, plant and equipment" until either its fair value becomes reliably determinable or construction is completed, whichever is the earlier.

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

The Group's carrying amount of the interest-free portion of the amounts due to non-controlling interests of a subsidiary as at 31st March, 2011 include interest-free shareholders' loan of HK$256,930,000 (2010: HK$279,362,000) due to non-controlling interests of Luck United Holdings Limited ("Luck United"). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United and its subsidiaries have surplus fund. Surplus fund represents available cash within these subsidiaries after payment of all operating expenses and payable including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The carrying amount of the amounts due to non-controlling interests of a subsidiary and the deemed contribution by non-controlling interests may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the amount and timing of repayment to the non-controlling interests, and consequently, affect the amount of imputed interest to be recognised in profit or loss over the expected life of the amounts due to non-controlling interest of a subsidiary.

4. Key Sources of Estimation Uncertainty – continued

Estimates of repayment of amount due to a related company

The Group's carrying amount of amount due to a related company as at 31st March, 2011 is HK$2,602,709,000 (2010: HK$1,697,876,000). There is no fixed repayment term and it was agreed with the related company that the Group will repay the amount based on the sufficiency of its operating cash flows. The carrying amount of the amount due to a related company and the deemed contribution by a related company may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the amount and timing of repayment to the related company, and consequently, affect the amount of imputed interest to be recognised in profit or loss over the expected life of the amounts due to a related company.

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31st March, 2011 is HK$200,656,000 (net of allowance for bad and doubtful debts of HK$72,000) (2010: HK$160,561,000 (net of allowance for bad and doubtful debts of HK$2,151,000)).

Deferred tax assets

At 31st March, 2011, deferred tax asset of approximately HK$35,060,000 (2010: HK$53,876,000) in relation to unused tax losses have been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. Capital Risk Management

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

The capital structure of the Group consists of net debt, which includes the amount due to a related company as disclosed in note 33, the amounts due to non-controlling interests of subsidiaries as disclosed in note 34, the secured bank borrowings as disclosed in note 35, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings.

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

6. Financial Instruments

(a) Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Fair value through profit or loss		
Investments in trading securities	1	1
Loans and receivables		
Amount due from an associate	2,645	2,645
Deposits in designated bank account for development properties	39,835	198,892
Loans receivables	178,003	1,784
Trade and other receivables	853,304	395,215
Pledged bank deposit	300	300
Bank balances and cash	1,097,053	892,256
	2,171,140	1,491,092
Financial liabilities		
At amortised cost		
Trade and other payables	1,098,675	284,043
Amount due to a related company	2,602,709	1,697,876
Amounts due to non-controlling interests of subsidiaries	276,434	298,866
Secured bank borrowings	5,672,623	5,230,686
	9,650,441	7,511,471

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits in designated bank account for development properties, trade and other receivables, pledged bank deposits, bank balances and cash, creditors and other payables, amounts due to a related company/non-controlling interests of subsidiaries 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 is exposed to cash flow interest rate risk in relation to bank balances, variable-rate amount due to a related company and secured bank borrowings. 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 cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's advances from a related company and secured bank borrowings.

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

Except for bank balances using 10 basis points (2010: 10 basis points), if interest rates had been 100 basis points (2010: 100 basis points) higher and all other variables were held constant, the potential effect on post-tax profit for the year is as follows:

	2011 HK$'000	2010 HK$'000
Increase (decrease) in post-tax profit for the year		
– Bank balances	1,137	1,091
– Amount due to a related company	(26,027)	(16,979)
– Secured bank borrowings	(56,726)	(52,307)
	(81,616)	(68,195)

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.

6. Financial Instruments – continued

(b) Financial risk management objectives and policies – continued

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March, 2011 in relation to each class of recognised financial asset is the carrying amount as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds 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 52% (2010: 33%) and 53% (2010: 35%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel and hotel related operations. The remaining trade receivables balances are spread over numbers of customers.

Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. At 31st March, 2011, based on the existing levels of bank balances and the existing banking facilities available, the Group will be able to meet its future cashflow requirements. Accordingly, the management considers that the Group's liquidity risk is minimal.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

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

6. Financial Instruments – continued

(b) Financial risk management objectives and policies – continued

Liquidity risk – continued

Liquidity table

	Weighted average effective interest rate	Less than 1 month or repayable on demand HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	1 year to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amounts HK$'000
At 31st March, 2011								
Trade and other payables	–	74,147	1,024,422	106	–	–	1,098,675	1,098,675
Amount due to a related company	3.00%	–	–	365,567	2,383,740	–	2,749,307	2,602,709
Amounts due to non-controlling interests of subsidiaries								
– interest-bearing	5.00%	–	–	193,358	80,642	–	274,000	256,930
– non-interest bearing	–	19,504	–	–	–	–	19,504	19,504
Secured bank borrowings	1.80%	68,490	369,432	1,108,297	2,743,042	1,717,815	6,007,076	5,672,623
		162,141	1,393,854	1,667,328	5,207,424	1,717,815	10,148,562	9,650,441
At 31st March, 2010								
Trade and other payables	–	51,233	232,574	236	–	–	284,043	284,043
Amount due to a related company	1.21%	–	–	–	1,718,420	–	1,718,420	1,697,876
Amounts due to non-controlling interests of subsidiaries								
– interest-bearing	5.00%	–	–	123,016	182,984	–	306,000	279,362
– non-interest bearing	–	19,504	–	–	–	–	19,504	19,504
Secured bank borrowings	1.60%	84,240	469,000	1,407,000	1,994,920	1,542,318	5,497,478	5,230,686
		154,977	701,574	1,530,252	3,896,324	1,542,318	7,825,445	7,511,471

Bank loans with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31st March, 2011 and 31st March, 2010, the aggregate principal amounts of these bank loans amounted to HK$68,490,000 and HK$84,240,000 respectively. Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within 9 years after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to HK$1,945,000, HK$5,834,000, HK$29,937,000 and HK$36,403,000 within the time band of 1 month to 3 months, 3 months to 1 year, 1 year to 5 years and over 5 years respectively (2010: HK$1,597,000, HK$4,793,000, HK$48,551,000 and HK$34,576,000 within the time band of 1 month to 3 months, 3 months to 1 year, 1 year to 5 years and over 5 years respectively).

6. Financial Instruments – continued

(c) Fair value

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

- the fair values of investments in trading securities which traded on active liquid markets are determined with reference to quoted market bid prices.

- the fair values of other financial assets and financial liabilities 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 period approximate their corresponding fair values.

Fair value measurements recognised in the consolidated statement of financial position

At 31st March, 2011, the financial instruments that are measured subsequent to initial recognition at fair value are investments in trading securities. Their fair value measurements, which are grouped into Level 1, which are derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

7. Revenue

Revenue represents revenue arising from hotel and hotel related operations, sales of properties and rental income for the year. An analysis of the Group's revenue is as follows:

	2011 HK$'000	2010 HK$'000
Hotel and hotel related operations		
Service income from gaming operations	1,165,757	560,954
Hotel room income	96,236	62,690
Marketing and promotion income	–	2,205
Food and beverage sales	83,700	56,666
Others	4,597	4,546
	1,350,290	687,061
Sales of properties	20,759	423,094
Rental income from investment properties	413,798	339,618
	1,784,847	1,449,773

8. Segment Information

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

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

Principal activities of the reportable operating segments are as follows:

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

Upon the acquisition of EEH in prior year (note 41), the Executive Directors review the hotel and hotel related operations of EEH in Macau along with the Group's existing hotel operation – Emperor (Happy Valley) Hotel in Hong Kong and hence they are grouped and identified as a single operating segment – Hotel and hotel related operations.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit earned by or loss from each segment without allocation of central administration costs, interest income from bank deposits, finance costs, share of results of associates, discount on acquisition of subsidiaries and discount on acquisition of additional interest in subsidiaries. This is the measure reported to the Executive Directors for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

8. Segment Information – continued

Segment revenue and results
For the year ended 31st March, 2011

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

Other information
For the year ended 31st March, 2011

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

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

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

8. Segment Information – continued

Segment revenue and results
For the year ended 31st March, 2010

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000 (restated)
Segment revenue	339,618	423,094	687,061	1,449,773
Segment results	2,785,214	209,192	195,727	3,190,133
Interest income				2,899
Unallocated corporate expenses, net				(58,584)
Finance costs				(107,648)
Share of results of associates				184,942
Discount on acquisition of subsidiaries				102,552
Discount on acquisition of additional interest in subsidiaries				20,616
Profit before taxation				3,334,910
Taxation charge				(148,633)
Profit for the year				3,186,277

Other information
For the year ended 31st March, 2010

	Lease of properties HK$'000	Properties development HK$'000	Hotel and hotel related operations HK$'000	Total HK$'000 (restated)
Amounts included in the measure of segment results:				
Depreciation	–	303	62,016	62,319
Release of prepaid lease payments	–	–	5,050	5,050
Loss on disposal of property, plant and equipment	–	–	54	54
Written off of property, plant and equipment	–	–	57,303	57,303
Reversal of impairment losses	–	25,333	–	25,333
Fair value increase in investment properties	2,460,495	–	–	2,460,495
Allowance for bad and doubtful debts	144	–	–	144

8. Segment Information – continued

Other information – continued

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

	HK$'000 (restated)
Depreciation	16,317
Gain on disposal of property, plant and equipment	289
Reversal of allowance for bad and doubtful debts	560

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

Geographical information

The Group's operations are located in Hong Kong, the PRC and Macau.

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

	Revenue from customers For the year ended		Non-current assets At	
	31st March, 2011 HK$'000	31st March, 2010 HK$'000	31st March, 2011 HK$'000	31st March, 2010 HK$'000 (restated)
Hong Kong	452,298	355,909	15,242,372	10,718,284
The PRC	5,991	425,106	2,378,373	2,329,078
Macau	1,326,558	668,758	2,746,687	2,198,096
	1,784,847	1,449,773	20,367,432	15,245,458

Information about major customers

During the year, revenue derived from the customer which contributed over 10% of the total revenue of the Group's revenue amounted to HK$1,179,455,000 (2010: HK$580,206,000). The revenue is related to the hotel and hotel related operations.

9. Reversal of Impairment Losses

	2011 HK$'000	2010 HK$'000
Impairment losses reversed in respect of:		
Properties under development for sale	974	25,333

During the year ended 31st March, 2011, the management reviewed the recoverability of the properties under development with reference to the current market environment and reversed the previously recognised impairment loss of HK$974,000 (2010: HK$25,333,000). The carrying amount of the properties at 31st March, 2011 was increased to the revised estimated recoverable amount but did not exceed the cost of these properties.

10. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on:		
– bank borrowings wholly repayable within five years	34,071	29,321
– other borrowings wholly repayable within five years	24,429	16,954
– bank borrowings not wholly repayable within five years	34,079	14,398
	92,579	60,673
Imputed interest expense on amounts due to non-controlling interests of a subsidiary	13,800	8,099
Imputed interest expense on amount due to a related company	33,636	–
Interest on convertible bond *(note 39)*	–	59,529
Less: amount capitalised in properties under development	(43,315)	(24,315)
Bank charges	2,707	3,662
	99,407	107,648

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rates ranging from 1.12% to 1.28% (2010: 1.21% to 1.27%) per annum.

11. Profit Before Taxation

	2011 HK$'000	2010 HK$'000 (restated)
Profit before taxation has been arrived at after charging:		
Auditor's remuneration	6,323	4,826
Depreciation	116,440	78,636
Release of prepaid lease payments	8,568	5,050
Written-off of properties, plant and equipment	–	57,303
Change in fair value of trading securities (included in administrative expenses)	–	89
Commission expenses in gaming operations (included in selling and marketing expenses)	333,757	134,318
Loss on disposal of property, plant and equipment	114	–
Operating lease rentals in respect of rented premises	4,352	2,907
Share of tax of associates (included in share of results of associates)	5	59,501
Staff costs, including directors' remuneration and retirement benefit scheme contributions *(note 12)*	397,204	245,730
and after crediting:		
Interest income from:		
– bank deposits	6,431	2,899
– loans receivable	91	96
	6,522	2,995
Gain on disposal of property, plant and equipment	–	235
Exchange gain	4,964	2,222
Gross rental income from investment properties less direct operating expenses of HK$25,672,000 (2010: HK$15,161,000)	388,126	324,457
Reversal of allowance for bad and doubtful debts, net	2,079	416

12. Directors' And Employees' Emoluments

(i) Directors' emoluments

	Wong Chi Fai HK$'000	Fan Man Seung, Vanessa HK$'000	Mok Fung Lin, Ivy HK$'000	Cheung Ping Keung HK$'000	Luk Siu Man, Semon HK$'000	Chan Man Hon, Eric HK$'000	Wan Chi Keung Aaron HK$'000	Law Ka Ming, Michael HK$'000	Liu Hing Hung HK$'000	Total HK$'000
2011										
Fees	200	200	200	100	–	150	–	150	150	1,150
Other emoluments:										
Salaries and other benefits	2,685	1,200	1,972	3,180	–	–	–	–	–	9,037
Performance related incentive payment *(note)*	2,000	2,000	800	4,000	–	–	–	–	–	8,800
Retirement benefit scheme contributions	188	84	138	12	–	–	–	–	–	422
Total emoluments	5,073	3,484	3,110	7,292	–	150	–	150	150	19,409
2010										
Fees	159	159	159	100	–	150	–	150	150	1,027
Other emoluments:										
Salaries and other benefits	2,460	1,200	1,881	2,940	–	–	–	–	–	8,481
Performance related incentive payment *(note)*	1,500	1,145	700	3,000	–	–	–	–	–	6,345
Retirement benefit scheme contributions	172	84	132	12	–	–	–	–	–	400
Total emoluments	4,291	2,588	2,872	6,052	–	150	–	150	150	16,253

Note: The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics for the year ended 31st March, 2011.

12. Directors' And Employees' Emoluments – continued

(ii) Employees' emoluments

Of the five individual with the highest emoluments in the Group, four (2010: four) were directors of the Company whose emoluments are set out above. The total emoluments of the remaining one (2010: one) individual were as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	2,530	2,130
Retirement benefit scheme contributions	127	107
	2,657	2,237

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

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

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

During the year, the retirement benefit schemes contributions were HK$4,513,000 (2010: HK$3,829,000).

13. Taxation Charge

	2011 HK$'000	2010 HK$'000 (restated)
The charge comprises:		
Current tax		
Hong Kong Profits Tax	11,844	19,613
PRC Enterprise Income Tax	–	33,627
Macau Complimentary Income Tax	43,757	23,795
PRC Land Appreciation Tax ("LAT")	–	40,113
	55,601	117,148
(Over)underprovision in prior years		
Hong Kong Profits Tax	(315)	(307)
PRC Enterprise Income Tax	(1,538)	1,161
PRC LAT	(9,567)	–
	(11,420)	854
	44,181	118,002
Deferred taxation *(note 36)*		
Charge for the year	55,192	30,631
	99,373	148,633

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

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

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

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

13. Taxation Charge – continued

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

	2011 HK$'000	2010 HK$'000 (restated)
Profit before taxation	3,800,203	3,334,910
Tax charge at Hong Kong Profits Tax of 16.5%	627,033	550,260
Tax effect of share of results of associates	(5)	(30,515)
Tax effect of income not taxable for tax purpose	(502,645)	(409,199)
Tax effect of expenses not deductible for tax purpose	9,411	13,149
PRC Land Appreciation Tax	(9,567)	40,113
Tax effect of PRC Land Appreciation Tax	1,579	(6,619)
Utilisation of tax losses previously not recognised	(15,477)	(22,456)
Utilisation of deductible temporary difference previously not recognised	(6,715)	(913)
Tax effect of tax losses not recognised	13,085	9,603
Effect of different tax rates of subsidiaries operating in other jurisdictions	(15,079)	4,046
(Over)underprovision in prior years	(1,853)	854
Others	(394)	310
Taxation charge for the year	99,373	148,633

14. Dividends

	2011 HK$'000	2010 HK$'000
Dividends recognised as distribution during the year:		
Final dividend paid for 2010: HK$0.04 per share (2009: nil)	118,732	–
Interim paid for 2011: HK$0.048 per share (2010: HK$0.048)	142,479	94,479
	261,211	94,479

On 14th February, 2011, Company's shareholders approved to distribute the shares of the Company to the shareholders of the Company on the basis of one share of the Company for every six shares of the Company held by the shareholders of the Company. A total of 494,718,473 shares of the Company were distributed to the shareholders of the Company (note 37(e)).

The final dividend of HK$0.052 in respect of the year ended 31st March, 2011 (2010: final dividend of HK$0.04 per share amounting to HK$118,732,000 in total in respect of the year ended 31st March, 2010) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

15. Earnings Per Share

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

	2011 HK$'000	2010 HK$'000 (restated)
Earnings		
Earnings for the purpose of basic earnings per share *(note i)* (Profit for the year attributable to owners of the Company)	3,444,702	3,059,424
Effect of dilutive potential ordinary shares: Interest on convertible bond	–	59,529
Earnings for the purpose of diluted earnings per share	3,444,702	3,118,953

	2011	2010 (restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(note ii)*	3,476,426,368	2,270,920,665
Effect of dilutive potential ordinary shares: Convertible bond	–	600,913,242
Weighted average number of ordinary shares for the purpose of diluted earnings per share	3,476,426,368	2,871,833,907

Notes:

i. The earnings in 2010 has been adjusted to reflect the effect of changes in accounting policies as disclosed in note 2.

ii. Adjusted to reflect the distribution of the Company's shares as disclosed in note 37 (e).

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for issue of shares during the year.

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

16. Investment Properties

	2011			2010		
	Completed investment properties HK$'000	Investment properties under development HK$'000	Total HK$'000	Completed investment properties HK$'000	Investment properties under development HK$'000	Total HK$'000
At 1st April	10,901,660	2,431,138	13,332,798	6,180,610	–	6,180,610
Exchange realignment	–	59,075	59,075	–	3,130	3,130
Reclassified from properties under development – non-current on 1st April *(note 18)*	–	–	–	–	741,744	741,744
Reclassified from prepaid lease payments on 1st April upon adoption of amendments to HKAS 40 *(note 19)*	–	–	–	–	277,469	277,469
Acquisition of subsidiaries *(Note 41)*	–	–	–	423,600	1,130,000	1,553,600
Additions	1,174,997	475,002	1,649,999	2,211,031	261,633	2,472,664
Disposals	–	–	–	(383,318)	–	(383,318)
Reclassified from properties held for sale *(note (a))*	–	–	–	26,404	–	26,404
Reclassified to property, plant and equipment *(note (b)) (note (17))*	(217,600)	–	(217,600)	–	–	–
Reclassified to loans receivables	–	(173,695)	(173,695)	–	–	–
Increase in fair value	3,174,743	102,776	3,277,519	2,443,333	17,162	2,460,495
At 31st March	15,033,800	2,894,296	17,928,096	10,901,660	2,431,138	13,332,798
Comprising:						
Fair value	15,033,800	2,285,001	17,318,801	10,901,660	1,830,000	12,731,660
Cost	–	609,295	609,295	–	601,138	601,138
	15,033,800	2,894,296	17,928,096	10,901,660	2,431,138	13,332,798

Notes:

(a) During the year ended 31st March, 2010, certain properties held for sale were reclassified to investment properties upon commencement of an operating lease.

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

16. Investment Properties – continued

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

	2011 HK$'000	2010 HK$'000
Situated in Hong Kong:		
– long leases	8,300,146	5,239,248
– medium-term leases	6,081,350	4,962,700
Situated in PRC:		
– long leases	1,207,700	1,259,050
– medium-term leases	1,170,000	660,000
Situated in Macau:		
– medium-term leases	276,400	447,800
– short-term lease	892,500	764,000
	17,928,096	13,332,798

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 31st March, 2011 and 31st March, 2010 have been arrived at on the basis of a valuation carried out on that date by Memfus, an independent firm of professional property valuers not connected with the Group. Memfus are members of the Institute of Valuers.

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

For investment properties under development located at Beijing with carrying amount of HK$1,170,000,000 at 31st March, 2011 (2010: HK$660,000,000), the valuation method was mainly based on residual method ("Residual Method") by making reference to recent sales transactions of completed properties as available in the relevant market to determine the potential sales proceeds and deducting the development costs and required profits from the investment properties, which are derived from the interpretation of prevailing investor requirements or expectations.

For investment properties under development located at Shanghai (the "Land") with carrying amount of HK$1,115,000,000 at 31st March, 2011 (2010: HK$1,170,000,000), as the site is in its initial stage of development and only the site preparation work had been completed at the end of the reporting period, the valuation has been arrived at by adopting direct comparison approach with reference to comparable transactions in the locality for similar lands. The valuation at 31st March, 2010 had also taken into consideration the cost that had been incurred for land preparation and base construction.

16. Investment Properties – continued

At 31st March, 2011, investment properties under development located at Repulse Bay, of which the construction work is virtually completed, are measured at cost of HK$609,295,000 (2010: HK$601,138,000). The properties are under a legal proceeding with the government of Hong Kong Special Administrative Region ("HKSAR") in relation to the interpretation of the government lease and may result in the Group paying a substantial amount of land premium to the government of HKSAR in order for the properties to be rent out. The uncertainty on the amount of potential land premium is significant that precludes the valuer from measuring its fair value reliably under the Residual Method. Accordingly, these investment properties are measured at cost until the fair value becomes reliably determinable.

Included in investment property under development as at 31st March, 2011 was net interest capitalised of HK$13,392,000 (2010: HK$6,053,000).

Litigation relating to the investment property under development in the PRC

Prior to EEH becoming a subsidiary of the Company in August 2009, EEH entered into a joint venture agreement ("JV Agreement") with Shenzhen Lianhe Jinhao Investment Development Co., Ltd. (now known as Shanghai Zhangxi Investment Development Co., Ltd.) ("JV Partner") on 26th May, 2004, to jointly develop the Land. Under the JV Agreement, EEH 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. EEH and the JV Partner intend to develop the property into a commercial complex ("Project"). EEH has an option to put its interest in the Project to the JV Partner at a consideration of HK$530,000,000. 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, EEH 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, EEH served a notice to the JV Partner to terminate the JV Agreement in October 2006. The management of EEH considered that the jointly controlled operation (the "JCO") to develop the Land ceased thereafter. At that time, the JV Partner had contributed RMB27,130,000 towards the Project and incurred construction cost and other payables known to EEH totalling RMB56,490,000. EEH had since assumed the legal obligation to settle the outstanding payables incurred by the JV Partner in respect of the Project and recognised a total amount of RMB148,494,000 as investment property under development up to the date of the Group received the judgement from the Shanghai No. 2 Intermediate People's Court (the "Judgement") on 28th December, 2010. In addition, EEH had taken up the JV Partner's contractual arrangements with regard to the construction of the Project which had not been commenced and the contractual commitments thereon at 31st March, 2010 are set out in note 42.

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

16. Investment Properties – continued

Litigation relating to the investment property under development in the PRC – continued

On 28th December, 2010, EEH received the Judgement under which EEH's request for termination of the JV Agreement and its other claims were not granted, whilst the JV partner's counterclaim (details of the counterclaim are set out in note 45) were also rejected and the JV Agreement shall continue to have effect. As a result of the Judgement, EEH resumed to account for the Project as a JCO. Pursuant to the JV Agreement, the JV Partner would bear the full construction cost of the Project. Accordingly, the construction cost of RMB148,494,000 (equivalent to HK$173,695,000), which approximates the portion of fair value of the investment property under development attributable to the construction cost incurred and capitalised by EEH, was reclassified from investment property under development to loan receivable from the JV Partner (note 22). Since the JV Partner would bear the full construction cost until the completion of the Project under the JV Agreement, the Group would no longer to be liable to the capital commitments in respect of the JV Partner's contractual arrangements with regard to the construction of the Project. The assets and liabilities attributable to the JCO at 31st March, 2011 are disclosed as follows:

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

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

17. Property, Plant and Equipment

	Leasehold land in Hong Kong HK$'000	Buildings HK$'000	Hotel properties HK$'000	Leasehold improvements HK$'000	Others HK$'000	Total HK$'000
COST OR DEEMED COST						
At 1st April, 2009 (as originally stated)	–	39,626	155,276	164,491	63,334	422,727
Effect of change in accounting policies	338,025	–	–	–	–	338,025
At 1st April, 2009 (as restated)	338,025	39,626	155,276	164,491	63,334	760,752
Exchange realignment	–	–	–	–	10	10
Acquisition of subsidiaries *(note 41)*	–	59,600	848,507	15,384	53,371	976,862
Additions	–	–	–	36,053	12,188	48,241
Disposals	–	–	–	–	(2,760)	(2,760)
Written-off	–	–	–	(80,974)	(17,584)	(98,558)
At 31st March, 2010 (as restated)	338,025	99,226	1,003,783	134,954	108,559	1,684,547
Exchange realignment	–	–	–	3	270	273
Reclassified from investment properties *(note 16)*	–	–	217,600	–	–	217,600
Additions	–	16,704	–	49,804	42,781	109,289
Disposals	–	–	–	–	(2,940)	(2,940)
At 31st March, 2011	338,025	115,930	1,221,383	184,761	148,670	2,008,769
Comprising:						
At cost	338,025	104,930	848,507	184,761	148,670	1,624,893
At deemed cost	–	11,000	372,876	–	–	383,876
	338,025	115,930	1,221,383	184,761	148,670	2,008,769
DEPRECIATION						
At 1st April, 2009 (as originally stated)	–	13,159	46,710	36,979	32,581	129,429
Effect of change in accounting policies	56,706	–	–	–	–	56,706
At 1st April, 2009 (as restated)	56,706	13,159	46,710	36,979	32,581	186,135
Exchange realignment	–	–	–	–	3	3
Provided for the year	4,772	1,869	15,142	16,068	40,785	78,636
Eliminated on disposal	–	–	–	–	(2,652)	(2,652)
Eliminated on written-off	–	–	–	(34,752)	(6,503)	(41,255)
At 31st March, 2010 (as restated)	61,478	15,028	61,852	18,295	64,214	220,867
Exchange realignment	–	–	–	2	48	50
Provided for the year	4,772	2,940	24,733	25,163	58,832	116,440
Eliminated on disposal	–	–	–	–	(2,051)	(2,051)
At 31st March, 2011	66,250	17,968	86,585	43,460	121,043	335,306
CARRYING VALUES						
At 31st March, 2011	271,775	97,962	1,134,798	141,301	27,627	1,673,463
At 31st March, 2010 (as restated)	276,547	84,198	941,931	116,659	44,345	1,463,680
At 1st April, 2009 (as restated)	281,319	26,467	108,566	127,512	30,753	574,617

17. Property, Plant and Equipment – continued

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

Leasehold land in Hong Kong	The unexpired terms of the relevant leases
Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Hotel properties	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Others	10 – 33$^{1}/_{3}$%

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

	31.3.2011 HK$'000	31.3.2010 HK$'000 (Restated)	1.4.2009 HK$'000 (Restated)
Leasehold land in Hong Kong:			
– Long lease	235,631	239,371	243,110
– Medium-term lease	36,144	37,176	38,209
	271,775	276,547	281,319
Buildings in Hong Kong:			
– Long lease	14,975	15,689	16,402
– Medium-term lease	9,589	9,827	10,065
	24,564	25,516	26,467
Buildings in Macau:			
– Long lease	73,398	58,682	–
	97,962	84,198	26,467
Hotel property in Hong Kong:			
– Long lease	100,780	104,674	108,566
Hotel property in Macau:			
– Medium lease	1,034,018	837,257	–
	1,134,798	941,931	108,566

18. Properties Under Development – Non-Current

	HK$'000
At 1st April, 2009 (as originally stated)	831,914
Effect of changes in accounting policies	189,829
At 1st April, 2009 (as restated)	1,021,743
Reclassified to investment properties on 1st April *(note 16)*	(741,744)
Additions	27,865
Reclassified to properties under development for sale *(note)*	(307,864)
At 31st March, 2010 and 31st March, 2011	–

Note: During the year ended 31st March, 2010, the management revised the development plan to change the land use from hotel operations to property development for sale. The revised development plan has been approved by the Building Authority and site clearance and foundation work commenced in prior year. As a result, the carrying amount of the properties under development of approximately HK$307,864,000 was reclassified to properties under development for sale.

19. Prepaid Lease Payments

	HK$'000
COST	
At 1st April, 2009 (as originally stated)	748,617
Effect of changes in accounting policies	(471,148)
At 1st April, 2009 (as restated)	277,469
Reclassified to investment properties on 1st April, 2009 *(note 16)*	(277,469)
Acquisition of subsidiaries *(note 41)*	340,600
Release for the year	(5,050)
At 1st April, 2010 (as restated)	335,550
Release for the year	(8,568)
At 31st March, 2011	326,982

19. Prepaid Lease Payments – continued

	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000 (restated)
The Group's prepaid lease payments comprise:			
Situated in Macau under medium-term lease	326,982	335,550	–
Situated in the PRC and held under land use right expiring within 50 years	–	–	277,469
	326,982	335,550	277,469
Analysed for reporting purposes as:			
– non-current portion	318,414	326,982	271,565
– current portion	8,568	8,568	5,904
	326,982	335,550	277,469

20. Interests in Associates

	2011 HK$'000	2010 HK$'000
Cost of investment in associates	–	–
Share of post-acquisition reserves, net of dividends	172	142
	172	142

The movement of goodwill is set out below:

	HK$'000
At 1st April, 2009	54,743
Reclassified to goodwill of subsidiaries *(note 23)*	(54,743)
At 31st March, 2010 and 31st March, 2011	–

20. Interests in Associates – continued

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

Result for the year

	2011 HK$'000	2010 HK$'000
Revenue	–	335,973
Profit for the year	60	425,824
Other comprehensive income for the year	–	355
Total comprehensive income for the year	60	426,179
Profit for the year attributable to the Group	30	184,942
Other comprehensive income attributable to the Group	–	152
Total comprehensive income attributable to the Group	30	185,094

Note: The amounts for the year ended 31st March, 2010 included the revenue, profit and other comprehensive income of EEH for the period from 1st April, 2009 to 27th August, 2009, the date EEH ceased to be an associate of the Group (note 41).

Financial position

	2011 HK$'000	2010 HK$'000
Non-current assets	1,030	2,629
Current assets	4,624	2,965
Current liabilities	(2,665)	(2,665)
Non-current liabilities	(2,645)	(2,645)
Total equity	344	284
Group's share of net assets of associates	172	142

20. Interests in Associates – continued

Particulars of the Group's associates as at 31st March, 2011 and 31st March, 2010, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group 2011	2010	Principal activities
EEH	Bermuda	N/A*	N/A*	Hotel and gaming and property development
Brightwing Development Limited	Hong Kong	50%	50%	Property investments

* EEH, formerly a listed associate of the Group, became a non-wholly-owned subsidiary during the year ended 31st March, 2010.

21. Amount due from (to) an Associate

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

22. Loans Receivables

	2011 HK$'000	2010 HK$'000
Loans advances to purchasers	1,697	1,784
Loan receivable for the JV partner *(note 16)*	176,306	–
	178,003	1,784

The loans advances to purchasers were used for financing the acquisition of the properties sold by the Group. The amounts carry interest at Prime Rate (2010: Prime Rate) and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are 15 (2010: 16) years.

23. Goodwill

	HK$'000
COST	
At 1st April, 2009	1,940
Reclassified from investment in an associate *(note 20)*	54,743
At 31st March, 2010 and 31st March, 2011	56,683

23. Goodwill – continued

For the purpose of impairment test, goodwill of HK$54,743,000 reclassified from investment in an associate – EEH, has been allocated to hotel and hotel related of operation of EEH (a single cash generating unit "CGU").

At 31st March, 2011, the Group performed an impairment review for goodwill of EEH 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% (2010: 3%) per annum for subsequent years. The recoverable amount of the CGU is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rate, growth rate and expected changes to selling prices and direct costs during the year. The forecast is discounted using a discount rate of 13% (2010: 13%). The discount rate was determined with reference to weighted average cost of capital ("WACC") of similar companies in the industry adjusted for certain factors specify to EEH. The growth rate does not exceed the long-term average industry growth forecasts. Changes in selling prices and direct costs are based on past practices and the management's expectations of future changes in the market. The Group considers no impairment loss is necessary.

Regarding the goodwill of HK$1,940,000 (2010: HK$1,940,000), it has been allocated to the CGU for the lease of properties for the purpose of impairment test, and no impairment is considered necessary.

24. Other Assets

	2011 & 2010 HK$'000
Club debentures and membership, at cost	4,442

The club debentures and membership have indefinite life.

25. Inventories

	2011 HK$'000	2010 HK$'000
Catering goods	8,153	7,343

The cost of inventories in respect of hotel and hotel related operations recognised as an expense during the year amounted to approximately HK$39,547,000 (2010: HK$25,358,000).

26. Properties Held for Sale

The properties held for sale comprise properties:

	2011 HK$'000	2010 HK$'000
Situated in Hong Kong and held under long-term leases	–	11,447
Situated in Hong Kong and held under medium-term leases	182	182
Situated in the PRC and held under land use rights with terms expiring within 50 years	6,538	6,838
	6,720	18,467

The cost of properties held for sale recognised as an expense during the year amounted to approximately HK$13,283,000 (2010: HK$231,348,000).

27. Properties Under Development – Current

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

	2011 HK$'000	2010 HK$'000
Situated in Hong Kong:		
– long leases	2,460,063	2,290,017
– medium-term leases	194,012	170,624
	2,654,075	2,460,641

Included in the amount are properties under development for sale of approximately HK$1,518,595,000 (2010: HK$1,909,950,000) that are expected to complete after one year from the end of the reporting period.

28. Trade and Other Receivables

	2011 HK$'000	2010 HK$'000
An analysis of trade and other receivables is as follows:		
Trade receivables, net carrying values	200,656	160,561
Chips on hand	111,945	134,165
Other receivables, net carrying values	540,703	100,489
Deposits and prepayments	69,026	50,011
	922,330	445,226

The following is an aged analysis of the Group's trade receivables (net of allowances for doubtful debts) based on the date of credit granted at the end of the reporting period is set out below:

	2011 HK$'000	2010 HK$'000
0 – 30 days	147,796	98,620
31 – 90 days	18,503	31,216
91 – 180 days	4,876	9,105
Over 180 days	29,481	21,620
	200,656	160,561

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

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

28. Trade and Other Receivables – continued

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

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

Included in other receivables are amounts due from related companies of HK$21,123,000 (2010: HK$14,068,000). These related companies are companies in which a deemed substantial shareholder of the Company has controlling interest.

Included in other receivables are deposits received from pre-sale of the Group's properties under development for sale of HK$429,493,000 (2010: nil) under the custodian of the independent lawyers on behalf of the Group.

Included in the Group's trade receivable balances are debtors with carrying amounts of HK$945,000 (2010: HK$2,832,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK$46,018,000 (2010: HK$38,070,000) that would otherwise be past due or impaired have the terms not been renegotiated. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2011 HK$'000	2010 HK$'000
Overdue for:		
1 – 30 days	126	1,408
31 – 90 days	472	839
91 – 180 days	12	457
Over 180 days	335	128
	945	2,832

Movement in the allowance for doubtful debts

	2011 HK$'000	2010 HK$'000
At 1st April	2,151	2,794
Reversal of impairment losses	(2,079)	(416)
Amounts written off	–	(227)
At 31st March	72	2,151

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

29. Investments in Trading Securities

	2011 HK$'000	2010 HK$'000
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	1	1

30. Deposits in Designated Bank Account for Development Properties

The amount of HK$39,835,000 (2010: HK$198,892,000) (equivalent to approximately RMB33,551,000 (2010: RMB174,870,000), was deposited to a bank account designated under 北京朝陽區房屋管理局 as a deposit for resettlement for the investment properties under development in the PRC. Such bank deposits are restricted for settlement in relation to the resettlement work and carry interest at 1.31% (2010: 1.31%) per annum.

31. Pledged Bank Deposit/Bank Balances and Cash

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

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 0.01% to 2.52% (2010: 0.01% to 2.25%) per annum.

32. Trade and Other Payables

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

	2011 HK$'000	2010 HK$'000
0 – 90 days	23,872	27,861
91 – 180 days	21	120
Over 180 days	85	117
	23,978	28,098
Construction payables and accruals	450,020	419,817
Other payables and accruals	140,615	116,679
Customers' deposits	122,187	113,778
Short-term advance	15,000	15,000
Deposits received from pre-sales of properties	918,570	2,503
	1,670,370	695,875

33. Amount due to a Related Company

The amount is unsecured, carried interest ranging from HIBOR + 0.84% to HIBOR + 1.08% (2010: HIBOR + 0.95% to HIBOR + 1.05%) per annum. The interest payable to the related company, a wholly-owned subsidiary of The Albert Yeung Discretionary Trust (the "AY Trust") is 1.10% (2010: 1.12%) per annum at the end of the reporting period.

During the year, further advance from the related company amounted to HK$1,473,482,000 and the Group partially repaid the principal of HK$422,051,000 to the related company. The principal amount outstanding as at 31st March, 2011 was HK$2,749,307,000 (2010: HK$1,718,420,000). It was agreed with the related company that the Group will repay the amount based on the sufficiency of its operating cash flows. Therefore, from time to time, the Group revises its estimates of repayments of the amount due to the related company and adjusts the carrying amount of the amount due to the related company in accordance with the revised estimated cash flows. The Group recalculates the carrying amount by computing the present value of estimated future cash flows at an interest rate of 3%, which approximate to the effective interest rates determined at each advance from the related company. In the current year, the Group has recognised a deemed capital contribution from a related company of HK$180,234,000 due to revised estimate of timing and amount of amount due to the related company, as well as fair value adjustment on initial recognition of further advance in current year.

In the opinion of the directors of the Company, the carrying amount of the amount due to the related company of HK$2,247,790,000 (2010: HK$1,697,876,000) is not expected to be repaid in the next twelve months based on the estimated repayment schedule and the related company agreed not to demand for payment of this amount from the Group within one year from the end of the reporting period. Accordingly, the carrying amount of HK$2,247,790,000 (2010: HK$1,697,876,000) is shown as non-current.

34. Amounts due to Non-Controlling Interests of Subsidiaries

	2011 HK$'000	2010 HK$'000
Interest-free amounts	276,434	298,866
Less: Amounts due within one year shown under current liabilities	(203,451)	(136,532)
	72,983	162,334

Amounts due to non-controlling interests of subsidiaries companies:

(i) Amount of HK$19,504,000 (2010: HK$19,504,000) which is unsecured, interest-free and repayable on demand.

(ii) Amounts of HK$256,930,000 (2010: 279,362,000) interest-free shareholders' loans due to a non-controlling interest of Luck United.

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

34. Amounts due to Non-Controlling Interests of Subsidiaries – continued

During the year, the Group partially repaid the principal of the interest-free shareholders' loans of HK$32,000,000 (2010: HK$10,000,000). The principal amount outstanding as at 31st March, 2011 was HK$274,000,000 (2010: HK$306,000,000). As at 31st March, 2011, the Group revised its estimates of repayments of the amounts due to non-controlling interests of a subsidiary and adjusted the carrying amount of the amounts due to non-controlling interests of a subsidiary in accordance with the revised estimated cash flows. The Group recalculated the carrying amount by computing the present value of estimated future cash flows at the original effective interest rate. This resulted in an increase in deemed capital contribution HK$4,232,000 (2010: HK$10,665,000) recognised in equity and a decrease of the same amount being adjusted to the carrying amount of non-controlling interests in the current year.

In the opinion of the directors of the Company, the carrying amount of the amounts due to non-controlling interests of HK$72,983,000 (2010: HK$162,334,000) 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$72,983,000 (2010: HK$162,334,000) is shown as non-current.

35. Secured Bank Borrowings

	31.3.2011 HK$'000	31.3.2010 HK$'000 (restated)	1.4.2009 HK$'000
Carrying amount repayable:			
On demand and within one year	1,382,168	1,797,350	1,226,529
Between one to two years	1,605,801	875,830	250,980
Between two to three years	497,097	530,242	424,331
Between three to four years	223,000	222,767	363,997
Between four to five years	216,383	208,597	131,397
Over five years	1,686,230	1,516,702	623,881
	5,610,679	5,151,488	3,021,115
Carrying amount of bank loans that are not repayable within one year but contain a repayment on demand clause (shown under current liabilities)	61,944	79,198	–
	5,672,623	5,230,686	3,021,115
Less: Amounts due within one year shown under current liabilities	(1,444,112)	(1,876,548)	(1,226,529)
Amounts due after one year	4,228,511	3,354,138	1,794,586

35. Secured Bank Borrowings – continued

The bank borrowings carried interest ranging from HIBOR + 0.55% to HIBOR + 2.0% (2010: HIBOR + 0.55% to HIBOR + 2.10%) per annum and are secured by certain of the Group's assets. The carrying values of these assets at the end of the reporting period were as follows:

	2011 HK$'000	2010 HK$'000
Investment properties	13,636,300	10,097,600
Properties under development	2,232,227	2,318,753
Buildings, including relevant leasehold land in Hong Kong	85,716	87,928
Hotel properties, including relevant leasehold land in Hong Kong	1,672,337	1,492,019
	17,626,580	13,996,300

At 31st March, 2011, the effective interest rates on the Group's borrowings is 1.4% (2010: 1.2%) per annum.

36. Deferred Taxation

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

	Accelerated tax depreciation HK$'000	Development costs capitalised HK$'000	Revaluation of properties HK$'000	Tax losses HK$'000	Total HK$'000
At 1st April, 2009 (as originally stated)	(73,170)	–	(103,740)	3,636	(173,274)
Effect of change in accounting policies	–	–	103,740	30,527	134,267
At 1st April, 2009 (as restated)	(73,170)	–	–	34,163	(39,007)
Acquisition of subsidiaries *(note 41)*	(27,092)	(4,191)	(199,953)	16,756	(214,480)
(Charge) credit to profit or loss	(6,517)	–	(27,071)	2,957	(30,631)
Credit to equity	247	–	–	–	247
At 31st March, 2010 (as restated)	(106,532)	(4,191)	(227,024)	53,876	(283,871)
(Charge) credit to profit or loss	3,655	–	(40,031)	(18,816)	(55,192)
Credit to equity	306	–	–	–	306
At 31st March, 2011	(102,571)	(4,191)	(267,055)	35,060	(338,757)

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

36. Deferred Taxation – continued

At 31st March, 2011, the Group had tax losses of HK$1,018,371,000 (2010: HK$1,160,742,000) available for offset against future profits. Deferred tax asset has been recognised in respect of HK$212,485,000 (2010: HK$326,521,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$805,886,000 (2010: HK$834,221,000) due to the unpredictability of future profit streams. The tax losses of the Group might be carried forward indefinitely.

At 31st March, 2010, the Group has deductible temporary differences of HK$40,697,000 (2011: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$154,247,000 (2010: HK$146,108,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

37. Share Capital

	Number of shares	Share capital HK$'000
THE COMPANY		
Ordinary shares of HK$0.01 each		
Authorised:		
At 1st April, 2009, 31st March, 2010, 1st April, 2010 and 31st March, 2011	500,000,000,000	5,000,000
Issued and fully paid:		
At 1st April, 2009	1,775,246,134	17,752
Increase in shares upon the Allotment *(note (a))*	193,064,706	1,931
Increase in shares upon the conversion of convertible bond *(note (b))*	1,000,000,000	10,000
At 31st March, 2010	2,968,310,840	29,683
Increase in shares upon the acquisition of additional interest in Expert Pearl Group *(note (c))*	186,076,849	1,860
Increase in shares acquisition of additional interest in EEH in connection with the Offer *(note (d))*	17,670,030	177
Increase in shares upon the distribution of the Company's shares *(note (e))*	494,718,473	4,948
At 31st March, 2011	3,666,776,192	36,668

37. Share Capital – continued

Notes:

(a) Pursuant to the completion of the sale and purchase agreement on 28th August, 2009, the Company issued and allotted 193,064,706 shares to Hidy Investment Limited ("Hidy") for the acquisition of 10% equity interest in Luck United, a non-wholly owned subsidiary of EEH, and loan due to Hidy by Luck United. Details are set out in note 41.

(b) On 10th March, 2010, the holder of the convertible bond exercised its right to convert the whole part of the principal amount of the convertible bond into fully-paid ordinary shares. Exercise in full of such convertible bond resulted in the issue of 1,000,000,000 additional shares.

During the year, the Group has undergone a corporate restructuring exercise (the "Group Restructuring") as follow:

On 25th November, 2010, Grand Chain Profits Limited ("Grand Chain"), a wholly owned subsidiary of the Group entered into an agreement (as supplemented by a supplemental agreement dated 13th December, 2010) with Lavergem Holdings Limited ("Lavergem"), a wholly owned subsidiary of EEH to transfer the entire interest in Expert Pearl Investments Limited and its subsidiaries (the "Expert Pearl Group"), which carried out the property development operation at the Land located in Shanghai (note 16) from Lavergem to Grand Chain (the "Transfer") and the Company issued and allotted 452,391,094 shares of the Company to Lavergem as consideration (the "Consideration Shares").

The Transfer was conditional upon the followings:

i distribution of the Consideration Shares to the shareholders of EEH on the basis of seven shares of the Company for every twenty shares of EEH held by the shareholders of EEH (the "EEH Distribution"). As a result of the EEH Distribution, the Company received 266,314,245 shares of the Company and the non-controlling interests of EEH received 186,076,849 shares of the Company;

ii general offer proposed by the Company to the shareholders of EEH (other than those shares already held by the Group) (the "Offer") at a consideration of one share of the Company and HK$0.04 in cash for each share of EEH. Valid acceptance of the Offer had been received in respect of 17,670,030 shares of EEH. The Group's equity interest in EEH increased from approximately 57.5% to 58.87%; and

iii distribution of the shares of the Company to the shareholders of the Company on the basis of one share of the Company for every six shares of the Company held by the shareholders of the Company (the "EIHL Distribution"). As a result of the EIHL Distribution, a total of 494,718,473 shares of the Company were distributed to the shareholders of the Company which included 266,314,245 shares of the Company distributed to the Group under the EEH Distribution.

Details of the transactions are set out in the circular of the Company issued on 24th January, 2011. The Transfer, EEH Distribution, the Offer and EIHL Distribution are inter-conditional upon each other and were approved by the shareholders of the Company and EEH in the special general meeting held on 14th February, 2011. The directors of the Company considered that the above transactions were in substance as follow:

37. Share Capital – continued

Notes: – continued

(c) Acquisition of additional interest in Expert Pearl Group

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

(d) Acquisition of additional interest in EEH in connection to the Offer

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

(e) Distribution of the Company's shares

The distribution of 494,718,473 shares of the Company (including shares received under EEH Distribution) in the EIHL Distribution was distributed from the Company's share premium.

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

38. Share Option

Share option scheme of the Company

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

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

38. Share Option – continued

Share option scheme of the Company – continued

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

Date of grant	Exercisable period	Exercise price per share* HK$	Outstanding at 1st April, 2009 and 31st March, 2010	Adjustments during the year*	Outstanding at 31st March, 2011
11.8.2005	11.8.2005 – 10.8.2015	1.880	20,000,000	(20,000,000)	–
		1.746	–	21,538,950	21,538,950
28.1.2008	28.1.2008 – 27.1.2013	2.910	17,500,000	(17,500,000)	–
		2.702	–	18,846,579	18,846,579
			37,500,000	2,885,529	40,385,529

* The number of share options and corresponding exercise price had been adjusted as a result of distribution of the Company's shares as disclosed in note 37(e).

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

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

Share option scheme of EEH

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

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

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

38. Share Option – continued

Share option scheme of EEH – continued

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

Date of grant	Exercisable period	Exercise price HK$	Number of options outstanding at 1st April, 2009, 31st March, 2010 and 31st March, 2011
11th August, 2005	11.8.2005 – 10.8.2015	2.20	10,000,000

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

39. Convertible Bond

On 3rd September, 2009, the Company issued convertible bond with a nominal value of HK$1,200,000,000 to Eternally Smart Limited ("Eternally Smart"), a related company. Eternally Smart is a wholly owned subsidiary of the AY Trust. The bond bore interest from the date of issue at a rate of the HIBOR plus 1.5% per annum and mature on 2nd September, 2014. It may be converted into ordinary shares of the Company at a conversion price of HK$1.20 per ordinary share, subject to anti-dilutive adjustments. Upon full conversion, the convertible bond shall be converted into 1,000,000,000 ordinary shares of the Company. The Company was entitled to redeem the convertible bond at 100% of its principal amount at any time after six months from the date of issue of the convertible bond until the maturity date.

The consideration for the subscription of convertible bond was settled through current account of Eternally Smart.

The convertible bond was split into liability (including the value of closely-related early redemption option held by the Company) and equity components of HK$729,421,000 and HK$470,579,000 respectively upon initial recognition by recognising the liability component at its fair value and attributing the residual amount to the equity component. The liability component is subsequently carried at amortised cost and the equity component is recognised in the convertible bond reserve. The effective interest of the liability component is 16% per annum.

On 10th March, 2010, all convertible bond was converted into 1,000,000,000 ordinary shares by the bond holder at a conversion price of HK$1.20 per ordinary share.

The movement of the liability component of the convertible bond for the year is set out below:

	HK$'000
Recognised during the year ended 31st March, 2010	729,421
Interest charge *(note 10)*	59,529
Interest paid	(9,581)
Conversion during the year	(779,369)
Carrying amount at 31st March, 2010 and 31st March, 2011	–

40. Non-Controlling Interests

Included in non-controlling interests as at 31st March, 2011 was a deemed contribution by non-controlling interests of HK$14,897,000 (2010: HK$10,665,000) arising from subsequent measurement (see note 34 for details) of certain loans from the non-controlling interests of a subsidiary which agreed to contribute interest-free shareholders' loans in accordance with their shareholdings.

41. Acquisitions

(i) Acquisition of additional equity interest in EEH

On 7th July, 2009, Worthly Strong Investment Limited ("Worthly Strong"), a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Hidy for the acquisition of 10% equity interest in Luck United, a non-wholly owned subsidiary of EEH, and loan due to Hidy by Luck United of HK$72,938,000 (the "Transaction 1"). The consideration for this acquisition was satisfied by the allotment and issue of 193,064,706 shares of the Company at HK$1.14 per share, being the market price of share of the Company at completion date and cash payment of HK$2,552,000.

On the same date, Great Assets Holdings Limited ("Great Assets"), an indirectly wholly-owned subsidiary of EEH entered into another 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$72,938,000 (the "Transaction 2"). The consideration for this acquisition was satisfied by the allotment and issue of 281,322,857 shares of EEH at HK$0.79 per share, being the market price at completion date and cash payment of HK$2,552,000.

Transaction 1 and Transaction 2 were arranged on a back-to-back basis. Accordingly, the initial considerations for Transaction 1 and Transaction 2 were set at the same amounts at the timing of entering the sale and purchase agreements. The transactions are considered as issue of 193,064,706 shares of the Company in exchange of 281,322,857 shares of EEH. The financial impact of change in market prices of the Company's shares and EEH's shares from agreement date to the date of completion is not considered as significant. Accordingly, the consideration for the 12.31% equity interest in EEH is determined based on issue of 193,064,706 shares of the Company at HK$1.14 per share.

Details of the Transaction 1 and Transaction 2 were disclosed in the circular issued by the Company dated 11th August, 2009.

Upon the completion of the Transaction 1 and Transaction 2 on 28th August, 2009, EEH's equity interest in Luck United increased from 50% to 60%. The Group's equity interest in EEH increased from approximately 43.43% to 55.74%. EEH then became a subsidiary of the Group. The acquisition of 12.31% equity interest in EEH has been accounted for as a business combination using the purchase method in accordance with HKFRS3 "Business Combinations".

41. Acquisitions – continued

(i) Acquisition of additional equity interest in EEH – continued

The net assets acquired in the transaction, and the discount on acquisition arising, are as follows:

	EEH's carrying amount before combination HK$'000	Fair value adjustments HK$'000	Fair value HK$'000
Net assets acquired:			
Investment properties	1,553,600	–	1,553,600
Property, plant and equipment	936,200	40,662	976,862
Prepaid lease payments	255,738	84,862	340,600
Deposits paid for acquisition of properties, plant and equipment	14,764	–	14,764
Inventories	5,263	–	5,263
Debtors, deposits and prepayments	301,279	–	301,279
Bank balances and cash	663,087	–	663,087
Pledged bank deposit	300	–	300
Creditors, customer's deposits and accrued charges	(389,841)	–	(389,841)
Amounts due to related companies	(15)	–	(15)
Amounts due to non-controlling interests of subsidiaries	(291,928)	–	(291,928)
Taxation payable	(72,891)	–	(72,891)
Dividend payable	(23,266)	–	(23,266)
Secured bank borrowings	(154,691)	–	(154,691)
Deferred taxation	(199,417)	(15,063)	(214,480)
	2,598,182	110,461	2,708,643
Non-controlling interests			(1,438,374)
			1,270,269
Net assets attributable to additional 12.31% equity interest in EEH held by the Group			323,782
Net assets attributable to previous 43.43% equity interest in EEH held by the Group			
– interest in associates			917,703
– asset revaluation reserve			28,784
			1,270,269
Total consideration for additional 12.31% equity interest in EEH:			
Shares issued at HK$1.14 per share			220,094
Transaction cost paid			1,136
			221,230
Discount on acquisition of additional 12.31% equity interest in EEH			102,552
			323,782
Net cash inflow arising on acquisition:			
Bank balances and cash acquired			663,087
Less: Transaction cost paid			(1,136)
			661,951

41. Acquisitions – continued

(i) Acquisition of additional equity interest in EEH – continued

(a) The directors of the Company have reassessed the identification and measurement of fair values of EEH's identifiable assets, liabilities and contingent liabilities and the cost of acquisition. The net fair value of the identifiable assets, liabilities and contingent liabilities of EEH attributable to the 12.31% equity interest acquired by the Group exceeded the cost of acquisition by an amount of HK$102,552,000, which represented a discount on acquisition of EEH, and has been recognised in the consolidated statement of comprehensive income for the year ended 31st March, 2010.

The directors of the Company, after the reassessment, consider that the discount on acquisition was due to the fact that the market price was lower compared to the net fair value of the identifiable assets, liabilities and contingent liabilities of EEH attributable to the 12.31% equity interest acquired by the Group.

In the assessment of the fair value of EEH's contingent liabilities in respect of the two legal cases as disclosed in note 46 (a) and (b), the directors of the Company are of the opinion that their fair values were insignificant.

EEH contributed HK$200,329,000 to the Group's profit for the period between the date of EEH becoming a subsidiary and the end of the reporting period at 31st March, 2010.

If the acquisition had been completed on 1st April, 2009, total group revenue for the year would have been HK$1,785,746,000, and profit for the year would have been HK$3,187,186,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st April, 2009, nor is it intended to be a projection of future results.

(b) On 22nd October, 2009, the Group further acquired 1.76% equity interest in EEH for cash consideration of approximately HK$20,503,000. The increase in discount on acquisition of additional interest in a subsidiary and decrease in non-controlling interests arising on the further acquisition amounted to approximately HK$20,616,000 and HK$41,119,000 respectively.

(ii) During the year ended 31st March, 2011, the Group acquired additional equity interests in Expert Pearl group and EEH. Details are set out in note 37(c) and (d).

(iii) The Group recorded the acquisitions of other subsidiaries as purchases of assets for both years as follows:

(a) In October 2009, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Ever Discovery Limited, an independent third party, to acquire the entire issued capital of Lion Castle Limited ("Lion Castle") at a consideration of approximately HK$19,833,000. Lion Castle is an investment holding company, its principal subsidiaries are engaged in the business of property investment. The major assets of its subsidiaries are residential and industrial properties for rental purpose and bank balances of HK$233,000.

41. Acquisitions – continued

(iii) The Group recorded the acquisitions of other subsidiaries as purchases of assets for both years as follows: – continued

(b) In December 2009, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Dannette Holdings Limited, an independent third party, to acquire the entire issued share capital of Pizzicato Limited at a consideration of HK$935,000,000. Pizzicato Limited was engaged in property investment. The major assets of Pizzicato Limited are shopping complex with car parking spaces for rental purpose and bank balances of HK$1,359,000.

(c) In April 2010, Good Force Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Gain Wealth Investments Limited ("Gain Wealth"), a related company, to acquire the entire issued share capital of Richfield Development Limited ("Richfield") at a consideration of approximately HK$16,900,000. Gain Wealth is a wholly owned subsidiary of the AY Trust. Richfield is an investment holding company holding 100% equity interest in Shinning World Investments Limited ("Shinning World") which is engaged in property investment. The major asset of Shinning World is a commercial property for rental purpose.

42. Commitments

	2011 HK$'000	2010 HK$'000
Authorised but not contracted for in respect of:		
– property under development for sale	691,741	1,321,853
– investment properties *(note)*	1,877,197	1,704,239
– property, plant and equipment	92,537	–
	2,661,475	3,026,092
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property under development for sale	665,247	81,833
– investment properties *(note)*	1,468,693	690,862
– property, plant and equipment	681	13,089
	2,134,621	785,784
	4,796,096	3,811,876

Note: The commitment in respect of the JV Partner's contractual arrangements with regard to the construction of the Project (defined and explained in note (16)) was included in the above commitments as at 31st March, 2010. As at 31st March, 2010, the amounts of authorised but not contracted for and contracted for but not provided in the consolidated financial statements (net of deposits paid) were HK$713,591,000 and HK$401,895,000 respectively. As a result of the Judgement received by the Group during the year, the JV Agreement shall continue to have effect. Pursuant to the JV Agreement, the JV Partner would bear the full construction cost until the completion of the Project, the Group would no longer to be liable to the capital commitments in respect of the construction of the Project.

43. Operating Lease Commitments

The Group as lessee

	2011 HK$'000	2010 HK$'000
Minimum lease payment paid and payable under operating leases during the year in respect of rented premises	4,129	2,907

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:

	2011 HK$'000	2010 HK$'000
Within one year	2,202	2,930
In the second to fifth year inclusive	235	524
	2,437	3,454

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

The Group as lessor

	2011 HK$'000	2010 HK$'000
Minimum lease payments received and receivable under operating leases during the year in respect of investment properties	413,798	339,618

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

	2011 HK$'000	2010 HK$'000
Within one year	347,650	292,512
In the second to fifth years inclusive	229,032	273,655
	576,682	566,167

Certain premises in the Group's investment properties have committed tenants for the tenancy ranging from 1 to 6 years and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The contingent rental income recognised during the year is HK$12,270,000 (2010: HK$10,153,000). The lease commitments presented above is based on the existing committed monthly minimum lease payments.

44. Major Non-Cash Transactions

(a) During the year, additions of investment properties of HK$53,684,000 were settled by utilising deposits paid in prior year (2010: investment properties and investment properties under development of HK$31,450,000 and HK$1,380,000 respectively).

The consideration for the acquisition of additional interest in Expert Pearl Group and part of the consideration for the acquisition of additional interest in EEH in connection to the Offer that occurred during the year comprised shares of the Company. Further details of the transactions are set out in note 37 above.

During the year, the distribution of 494,718,473 shares of the Company in the EIHL Distribution was distributed from the Company's share premium. Further details are set out in note 37 above.

(b) During the year ended 31st March, 2010, the Company issued convertible bond with a nominal value of HK$1,200,000,000 to a related company. The consideration for the subscription of convertible bond was settled through current account of the related company.

45. Contingent Liabilities

In October 2006, Expert Pearl Group, formerly wholly owned subsidiaries of EEH that became wholly owned subsidiaries of the Company as from 15th February 2011, commenced legal proceedings against the JV Partner in Shanghai, the PRC, for termination of the JV Agreement in respect of the development of the Expert Pearl 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. Expert Pearl 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$99,282,000). The JV Partner contested the proceedings and counterclaimed against Expert Pearl Group for RMB100,000,000 (equivalent to HK$118,730,000) as damages for breach of the JV Agreement. The JV Partner's contribution of RMB27,130,000 (equivalent to HK$32,211,000) has not been recognised as assets by EEH, pending the outcome of the legal proceedings.

On 28th December, 2010, Expert Pearl Group received the judgement from the Shanghai No. 2 Intermediate People's Court under which the Expert Pearl Group's request for termination of the JV Agreement and its other claims were not granted, and the JV Agreement shall continue to have effect. On the other hand, the JV Partner's counterclaim was also rejected. Expert Pearl Group filed an appeal against the judgement to the Shanghai High People's Court. On 1st June, 2011, after the disposal of Expert Pearl Group by EEH to the Company, the Group received the judgement from the Shanghai High People's Court under which the Expert Pearl Group's appeal was dismissed and the JV Agreement shall continue to have effect. Expert Pearl Group is contemplating further appeal against such judgement.

In July 2008, Gold Shine Investment Limited ("Gold Shine"), an indirectly held subsidiary of the Company, commenced legal proceedings seeking declarations from the Court in respect of interpretation of the government lease relating to its investment properties under development situated in Repulse Bay. A land premium may have to be paid to the government of the HKSAR in order for the properties to be rent out if the declarations sought were not granted to the Group. The court of first instance declined to grant the declarations sought. Gold Shine had lodged an appeal. The date for the appeal hearing has not yet been fixed up to the date these consolidated financial statements were authorised for issuance. The Group is of the view that the ultimate outcome of the case is not determinable at this stage and no provision was made by the Group.

46. Related Party Transactions

(a) Other than disclosed in notes 28, 33, 34, 39 and 41 (i) and (iii) (c), the Group also had the following significant transactions with related parties:

	2011 HK$'000	2010 HK$'000
Advertising expenses to related companies	4,071	1,706
Disposal of property held for sale to related companies	19,470	–
Commission to Dr. Albert Yeung, a deemed substantial shareholder of the Company in capacity of a patron of the Group's VIP rooms	465	1,490
Hotel and restaurant income from related companies	835	1,165
Interest expenses to a related company	58,065	26,535
Professional and service fees income from an associate and related companies	1,160	617
Rental income from related companies	130,631	102,571
Secretarial fee expenses to a related company	630	435
Share of administrative expenses by:		
– related companies	49,804	41,766
– an associate	–	2,076

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

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

47. Financial Information of The Company

The financial information of the Company as at 31st March, 2011 and 31st March, 2010 is a follows:

	2011 HK$'000	2010 HK$'000
Total assets		
Investment in subsidiaries	893,236	893,236
Other receivables	399	355
Amount due from subsidiaries	6,493,915	6,425,110
Bank balances and cash	34	36
	7,387,584	7,318,737
Total liabilities		
Other payables	1,109	1,120
Capital and reserves		
Share capital	36,668	29,683
Reserves *(note)*	7,349,807	7,287,934
	7,386,475	7,317,617

47. Financial Information of The Company – continued

Note:

	Share capital HK$'000	Share premium HK$'000	Convertible bond equity reserve HK$'000	Share option reserve HK$'000	Contributed surplus HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1st April, 2009	17,752	2,761,028	–	19,612	525,801	2,491,314	5,815,507
Profit for the year	–	–	–	–	–	126,547	126,547
Total comprehensive income for the year	–	–	–	–	–	126,547	126,547
Issue of shares	1,931	218,163	–	–	–	–	220,094
Recognition of equity component of convertible bond	–	–	470,579	–	–	–	470,579
Issue of shares upon conversion of convertible bond	10,000	1,239,948	(470,579)	–	–	–	779,369
Interim dividend paid for 2010	–	–	–	–	(94,479)	–	(94,479)
At 31st March, 2010	29,683	4,219,139	–	19,612	431,322	2,617,861	7,317,617
Loss for the year	–	–	–	–	–	(1)	(1)
Total comprehensive expense for the year	–	–	–	–	–	(1)	(1)
Issue of shares resulting from the Corporate Restructuring	6,985	323,085	–	–	–	–	330,070
Final dividend paid for 2010	–	–	–	–	(118,732)	–	(118,732)
Interim dividend paid for 2011	–	–	–	–	(142,479)	–	(142,479)
At 31st March, 2011	36,668	4,542,224	–	19,612	170,111	2,617,860	7,386,475

48. Event After the Reporting Period

On 25th May, 2011, Emperor International Square Limited, an indirect wholly owned subsidiary of the Company, entered into a provisional agreement with Central Source Limited, an independent third party, to dispose of the investment property located in 7 Wang Tai Road, Kowloon Bay, namely Emperor International Square, at a consideration of HK$850,000,000. The fair value of such property as at 31st March, 2011 is HK$830,000,000.

49. Particulars of Subsidiaries

Particulars of the principal subsidiaries of the Company as at 31st March, 2010 and 31st March, 2011, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Directly held					
Emperor Investment Limited	Hong Kong	1,000	100.00	100.00	Investment holding
Indirectly held					
Active Pace Investment Limited	Hong Kong	100	100.00	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	100.00	Property investment
Affluent Travel Services Limited	Hong Kong	500,000	35.32 [2]	34.50 [2]	Provision of travel agency services
Arch-Concept Limited	Hong Kong	2	100.00	100.00	Property development
Asian Glory Limited	Macau	MOP25,000	35.32 [2]	34.50 [2]	Property holding
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	100.00	Investment holding and property investment
Century Creations Limited	Hong Kong	10,000	100.00	100.00	Property development
Champion Collection Limited	Hong Kong	1	100.00	100.00	Property investment
Chance Yield Development Limited	Hong Kong	2	100.00	100.00	Property investment
Cherish Will Limited	Hong Kong	2	100.00	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	100.00	Property development
Diamond Faith Company Limited	Hong Kong	2	100.00	100.00	Property development
Diamond King Limited	Hong Kong	2	100.00	100.00	Property investment

49. Particulars of Subsidiaries – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Indirectly held – continued					
Distinct Rich Limited	Hong Kong	1,002	100.00	100.00	Investment holding and property investment
Eastgate Investments Limited	Hong Kong	2	100.00	100.00	Property development
eDaily Systems Limited	Hong Kong	2	100.00	100.00	Property investment
EIL Property Management Limited	Hong Kong	100	100.00	100.00	Provision of property management services
Emperor (Beijing) Real Estate Development Limited	PRC	990,000,000	100.00	100.00	Property development
Emperor (Shanghai) Co. Ltd.[4] 英皇（上海）有限公司	PRC	US$45,000,000	100.00 [3]	57.50 [2]	Property development
Emperor (Xiamen) Real Estate Investments Limited[5]	PRC	US$5,000,000	97.19	97.19	Property development
Emperor Entertainment Hotel Management Limited	Macau	MOP25,000	58.87 [2]	57.50 [2]	Provision of project financing services
EEH[6]	Bermuda	129,255	58.87 [2]	57.50 [2]	Hotel and gaming operation
Emperor Hotel (HK) Limited	Hong Kong	2	100.00	100.00	Property investment and hotel operations
Emperor Hotel Limited	Hong Kong	2	100.00	100.00	Property development
Emperor International Square Limited	Hong Kong	2	100.00	100.00	Property investment
Emperor Investment (Management) Limited	Hong Kong	100	100.00	100.00	Provision of management services

49. Particulars of Subsidiaries – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Indirectly held – continued					
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	100.00	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	100.00	100.00	Provision of property agency services
Express Honor Enterprises Limited	Hong Kong	1	100.00	100.00	Property investment
Fai Iek Limitada	Macau	MOP25,000	100.00	100.00	Property investment
Forever Crown Limited	Hong Kong	2	100.00	100.00	Property investment
Gallan Limited	Hong Kong	2	100.00	100.00	Property development
Gold Shine Investment Limited	Hong Kong	2	97.67	97.67	Property development
Golden Pegasus Investment Limited	Hong Kong	100,000	100.00	100.00	Property investment
Great Assets Holdings Limited	British Virgin Islands/Macau	US$50	58.87 [2]	57.50 [2]	Investment holding
Great Future Hong Kong Limited	Hong Kong	2	100.00	100.00	Property investment
Headwise Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Hoi Tin Marine Products Limited	Hong Kong	10,000	100.00	100.00	Property investment
I Soi Limitada	Macau	MOP25,000	100.00	100.00	Property investment
I Veng Limitada	Macau	MOP25,000	100.00	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	100.00	100.00	Property investment

49. Particulars of Subsidiaries – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Indirectly held – continued					
Joyful Star Corporation Limited	Hong Kong	1	100.00	100.00	Property investment
Keen Million Limited	British Virgin Islands/Macau	US$1	35.32 [2]	34.50 [2]	Mass market and slot machine operation
Keenpower Base Limited	Hong Kong	1	100.00	100.00	Property investment
Keenworld Corporation Limited	Hong Kong	1	100.00	100.00	Property development
Lavergem Holdings Limited	British Virgin Islands/Hong Kong	US$1	58.87 [2]	57.50 [2]	Investment holding
Lord Link Limited	Hong Kong	1	100.00	100.00	Property investment
Luck United	British Virgin Islands/Macau	US$10,000	35.32 [2]	34.50 [2]	Investment holding
Majesty Investments Limited	Hong Kong	2	100.00	100.00	Property trading
Max Intelligence Limited	Hong Kong	1	100.00	100.00	Property investment
National Goal Limited	Hong Kong	2	100.00	100.00	Property investment
Pacific Strong Bases (Holding) Company Limited	Macau	MOP500,000	35.32 [2]	34.50 [2]	Hotel operation
Planwing Limited	Hong Kong	2	100.00	100.00	Property investment
Pleasure View Investment Limited	Hong Kong	2	100.00	100.00	Property investment
Precision Faith Limited	Macau	MOP100,000	58.87 [2]	57.50 [2]	VIP room operation and provision of gaming – related marketing and public relation services
Prestige Gold Investment Limited	Hong Kong	100	100.00	100.00	Property holding

49. Particulars of Subsidiaries – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Indirectly held – continued					
Profit Crest Limited	Hong Kong	1	100.00	100.00	Property development
Rich Gallant Investment Limited	Hong Kong	2	100.00	100.00	Property development
Richorse Limited	Hong Kong	2	100.00	100.00	Property investment
Right Achieve Limited	British Virgin Islands/Macau	US$1	35.32 [2]	34.50 [2]	Investment holding
Royal Arcardia Limited	Hong Kong	2	100.00	100.00	Property investment
Shining Silver Limited	Hong Kong	1	100.00	100.00	Property investment
Super Harmony Holdings Limited	Hong Kong	1	100.00	100.00	Property investment
Tin Hou Limited	Macau	MOP25,000	58.87 [2]	57.50 [2]	Provision of agency services for gaming operation
Union Reward International Limited	Hong Kong	1	100.00	100.00	Property development
Very Sound Investments Limited	Hong Kong	10,000,000	100.00	100.00	Property investment
Webster Investments Company Limited	Hong Kong	1,000,000	100.00	100.00	Property development
World Fortune Corporation Limited	Hong Kong	2	100.00	100.00	Property investment

49. Particulars of Subsidiaries – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital[1]	Proportion of nominal value issued of share capital held by the Group 2011 %	2010 %	Principal activities
Indirectly held – continued					
Worthly Strong Investment Limited	Hong Kong	100	100.00	100.00	Investment holding
Ying Wong Property Limited	Hong Kong	100	100.00	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	100.00	100.00	Property investment

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

2 These companies are subsidiaries of EEH and became non-wholly owned subsidiaries of the Company after the acquisition of additional interest in EEH in prior year (note 41).

3 Emperor (Shanghai) Co,. Ltd. became wholly owned subsidiary of the Company after Group Restructuring carried out during the year (note 37).

4 Wholly own foreign investment enterprise.

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

6 EEH's shares are listed on the Stock Exchange.

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

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

Results

	Year ended 31st March,				
	2011 HK$'000	2010 HK$'000 (restated)	2009 HK$'000 (restated)	2008 HK$'000 (restated)	2007 HK$'000 (restated)
Revenue	1,784,847	1,449,773	348,170	1,770,164	408,514
Profit (loss) before taxation	3,800,203	3,334,910	(1,683,331)	1,447,428	545,941
Taxation	(99,373)	(148,633)	(6,772)	(2,332)	(17,206)
Profit (loss) for the year	3,700,830	3,186,277	(1,690,103)	1,445,096	528,735
Attributable to:					
Owners of the Company	3,444,702	3,059,424	(1,689,672)	1,445,248	525,796
Non-controlling interests	256,128	126,853	(431)	(152)	2,939
	3,700,830	3,186,277	(1,690,103)	1,445,096	528,735

Assets and Liabilities

	At 31st March,				
	2011 HK$'000	2010 HK$'000 (restated)	2009 HK$'000 (restated)	2008 HK$'000 (restated)	2007 HK$'000 (restated)
Total assets	25,285,173	19,281,613	10,640,067	10,920,846	8,071,525
Total liabilities	(10,725,623)	(8,366,227)	(5,713,834)	(4,233,399)	(3,245,642)
	14,559,550	10,915,386	4,926,233	6,687,447	4,825,883
Equity attributable to owners of the company	13,212,261	9,394,224	4,926,531	6,687,377	4,825,469
Non-controlling interests	1,347,289	1,521,162	(298)	70	414
Shareholders' funds	14,559,550	10,915,386	4,926,233	6,687,447	4,825,883

Summary of Properties

Particulars of the Group's major investment properties and properties under development as at 31st March, 2011, are as follows:

Investment Properties

Completed investment properties

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
1.	Ground Floor and 1st Floor, 474-476 Lockhart Road, and Shop G on Ground Floor, Pun Tak Building, 478-484 Lockhart Road Causeway Bay, Hong Kong	Commercial	3,292 (S)	–	100
2.	Ground Floor and 1st Floor of 46 Leighton Road and Ground Floor of 44 and 48 Leighton Road, Lai Chi Building Causeway Bay, Hong Kong	Commercial	4,238 (S)	–	100
3.	Units 1 to 4 on 12th Floor, Wing Yip Commercial Building 65-71 Yen Chow Street, Shamshuipo, Kowloon	Commercial	799 (S)	–	100
4.	Carpark Nos. 1-11, 20, 23, 23A, 24 and 24A on Ground Floor, Kwong Sang Hong Building, Blocks C and D, 188 Wanchai Road, Wanchai, Hong Kong	Carparks	–	16	100
5.	Unit 601, 602, 604, 705, 801, 802, 806, 901 902, 1103, 1104, 1206, 1207, 1505, 1605, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1802, 1803, 1807, 2001, 2007, and 2101 Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	Office	41,982 (G)	–	100
6.	Shops on Basement One and Two, G/F – 4/F, Some Commercial Units on 23/F – 29/F, Emperor Group Centre 288 Hennessy Road, Wanchai Hong Kong	Commercial/ Office	147,400 (G)	36	100
7.	Emperor Plaza, 55 Chung On Street, Tsuen Wan, New Territories	Commercial	214,000 (G)	–	100
8.	Ground Floor and 1st Floor 523 Lockhart Road, Causeway Bay, Hong Kong	Commercial	2,072 (G)	–	100

Investment Properties – continued

Completed investment properties - continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
9.	Shops 1-3 & 5 on Ground Floor, the whole of 1st, 2nd and 3rd Floors, the External Walls of Ground Floor to 3rd Floor, the Flat Roof on 5th Floor and Parapet Walls enclosing the Flat Roof on 5th Floor and Lift No. 1 and No. 5, 8 Russell Street, Causeway Bay, Hong Kong	Commercial/ Shops	26,952 (G)	–	100
10.	Shop 1-4 Lower G/F Yee Fung Building 1A Wong Nai Chung Road Happy Valley Hong Kong	Shops	2,610 (G)	–	100
11.	Ground Floor and 1/F, 4, 6 and 8 Canton Road, Tsimshatsui, Kowloon	Shops	4,328 (G)	–	100
12.	Unit A to H on 17th Floor and Vehicle Parking Space No. 7 on G/F Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial/ Carparks	11,554 (S)	1	100
13.	Units C, D and G on 18th Floor Unit H on 1st Floor and Vehicle Parking Spaces Nos. 11-12 on G/F Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial/ Carparks	6,060 (S)	2	100
14.	Shops A & B on Ground Floor Hong Kong Industrial Building 444-452 Des Voeux Road West Hong Kong	Industrial	14,211 (S)	–	100

Investment Properties – continued

Completed investment properties - continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
15.	Shops Nos. 7-11 & Entrance on Ground Floor, the whole of 1st to 5th Floors Wei Kei Building 275 Chatham Road North Hung Hom Kowloon	Commercial	12,994 (S)	–	100
16.	The Ulfert Centre (formerly known as Golden Castle Industrial Building), 4 Kin Fat Lane Tuen Mun New Territories	Industrial	180,595 (G)	–	100
17.	G/F, Portion B, 63-69 Avenida De Infante D. Henrique and Shop C2 on G/F No. 5 Rua Dr. Pedro Jose Lobo Macau	Commercial	1,167 (S)	–	100
18.	66 Jardine's Bazaar, Causeway Bay, Hong Kong	Shops/Residential	4,012 (S)	–	100
19.	Shops A, B & E, G/F, Hung Hei Mansion, 5-8 Queen's Victoria Road, Central, Hong Kong	Commercial	2,272 (S)	–	100
20.	Shops 1-6, G/F and 1-2/F, 1st and 2nd Advertising Walls, 525 Shanghai Street, Mongkok, Kowloon	Commercial	4,491 (S)	–	100
21.	Unit C, 6/F, CNT Tower Wanchai, Hong Kong	Office	905 (S)	–	100
22.	B/F, G/F, 1/F -4/F of Block A, No. 201-209 Avenida De Almeida Riberiro, No. 1-3 Pario Das Esquinas, Macau	Commercial	11,243 (S)	–	100

Investment Properties – continued

Completed investment properties - continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
23.	71-75 Avenida Do Infante. D. Henrique 514-540 Avenida Da Praia Grande, Macau	Commercial	10,167 (S)	–	100
24.	Flat A & C, 12/F and Flat B, 17/F, Ying Fai Court, 1 Ying Fai Terrace, Hong Kong	Residential	1,387 (S)	–	100
25.	B1, B2 and 3/F, The Emperor (Happy Valley) Hotel, 1A Wang Tak Street, Happy Valley, Hong Kong	Commercial	16,128 (G)	–	100
26.	Emperor International Square, 7 Wang Tai Road, Kowloon Bay, Kowloon	Industrial	311,704 (G)	–	100
27.	Shop A, D2 & E2, G/F, Harilela Mansion, 81 Nathan Road, Tsimshatsui, Kowloon	Shops	2,296 (S)	–	100
28.	153-157 Castle Peak Road, Yuen Long, New Territories	Commercial/ Residential	5,306 (S)	–	100
29.	54-56 Russell Street, Causeway Bay, Hong Kong	Commercial/ Residential	10,868 (G)	–	100
30.	G/F, 20 Russell Street, Causeway Bay, Hong Kong	Shops	1,125 (G)	–	100

Investment Properties – continued

Completed investment properties - continued

	Location	Purpose	Floor area sq.ft.	Car parking	Group's interest %
31.	Fitfort, 560 King's Road, North Point, Hong Kong	Shops/ Carparks	125,400 (G)	353	100
32.	Shop C & D, G/F and Units A and B, 1/F, Mercantile House, Kowloon	Shops	2,720 (G)	–	100
33.	G/F, 76 Percival Street, Causeway Bay, Hong Kong	Shops	600 (G)	–	100
34.	Shop A & B on G/F, Office A & B on 1/F, Tak Fat Building, 50 – 52 Russell Street, HK	Shops/ Office	3,720 (G)	–	100
35.	Shops of Ground Floor of the Grand Emperor Hotel, Macau	Commercial	4,672 (G)	–	35.3
36.	8th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266 (G)	–	35.3
37.	10th Floor of the Grand Emperor Hotel, Macau	Commercial	22,266 (G)	–	35.3

Remarks: (G) – gross floor area
(S) – saleable area
(Site) – site area

Investment properties under development

	Location	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	26 – 30 Beach Road Repulse Bay Hong Kong	Commercial	45,530	143,473	Superstructure up to roof level	2011	97	97.7
2.	北京長安大街凱特大廈 A parcel of land located at Yong An Xi Li, Chaoyang District, Beijing, The PRC	Commercial	88,417	1,020,000 (incl. basement)	Uncleared site	2014	–	100
3.	Emperor Star City, a site located at Yuyuan Jiedao 548 Jiefang 11/1 Qiu Huang District Shanghai, the PRC	Commercial complex	246,173	1,300,000 (incl. basement)	Foundation completed	2015	–	Note

Note: Under the JV Agreement, the Group would provide the Land, the JV partner would bear the full consideration cost and the saleable floor area would be split between the parties in equal shares.

Properties Under Development – For Sale

	Location	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	Various Lots, DD210, Sai Kung New Territories	Residential	99,816	32,000	Site	2014	–	100
2.	Harbour One, 458 Des Voeux Road West, Hong Kong	Residential	14,061	140,000	Superstructure up to 10/F	2012	–	100
3.	18 Upper East, 18-36 Shing On Street, Sai Wan Ho, Hong Kong	Commercial/ Residential	7,238	83,000	Superstructure up to 4/F	2012	–	100
4.	The Java, 96 – 106 Java Road, North Point, Hong Kong	Commercial/ Residential	6,818	69,000	Superstructure up to 27/F	2012	–	100
5.	396-400 Prince Edward Road West, Kowloon City, Kowloon	Commercial/ Residential	3,319	30,000	Superstructure up to 20/F	2011	–	100
6.	41 Units, Cheung Ka Industrial Building, 179-180 Connaught Road West, and 345-345A, Des Voeux Road West, Hong Kong	Residential	18,267	185,000	Uncleared site	2014	–	100