



英皇娛樂酒店有限公司
Emperor Entertainment Hotel Limited

Incorporated in Bermuda with limited liability (Stock Code: 296)



ANNUAL REPORT 2012/2013

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Corporate Information and Key Dates

✿ Directors

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

* Non-executive Director

** Independent Non-executive Directors

✿ Company Secretary

Liu Chui Ying

✿ Audit Committee

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

✿ Remuneration Committee

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

✿ Nomination Committee

Wan Choi Han (*Chairperson*)
Fan Man Seung, Vanessa
Chan Wiling, Yvonne

✿ Corporate Governance Committee

Fan Man Seung, Vanessa (*Chairperson*)
Chan Sim Ling, Irene
Wan Choi Ha
A representative from Company Secretarial function
A representative from Finance & Accounts function

✿ Auditor

Deloitte Touche Tohmatsu

✿ Investor Relations Contact

Luk Man Ching, Anna
Email: ir296@emperorgroup.com

✿ Website

<http://www.emp296.com>

✿ Stock Code

Hong Kong Stock Exchange: 296

✿ Principal Bankers

Banco Weng Hang, S.A. (Macau)
Bank of China Limited, Macau Branch
Chong Hing Bank Limited
Wing Hang Bank, Limited

✿ Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

✿ Principal Office

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

✿ Registrar (in Bermuda)

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM11
Bermuda

✿ Registrar (in Hong Kong)

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

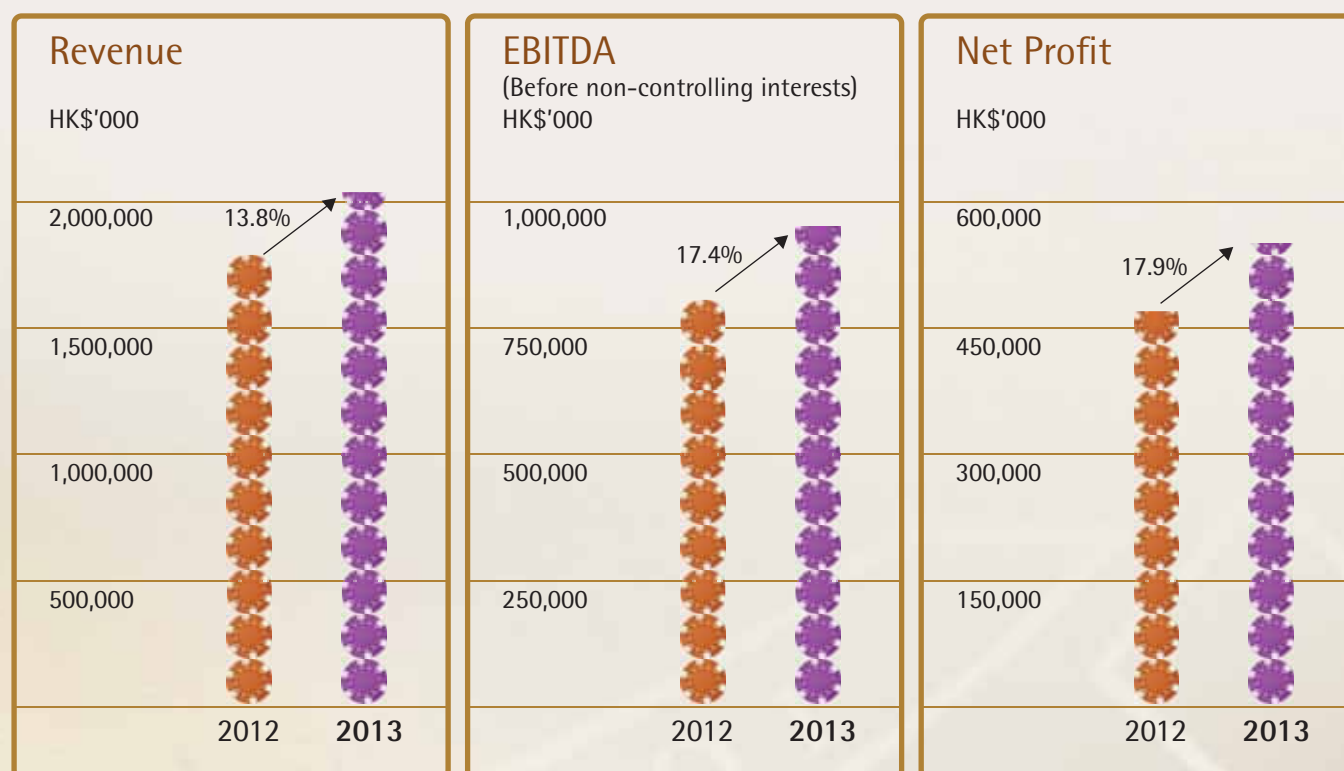
✿ Key Dates

| | |
|-----------------------------|-------------------------------------------|
| Annual Results Announcement | 17 June 2013 |
| Book Close Dates | |
| – For AGM | 7 August 2013 |
| – For Final Dividend | 15 to 16 August 2013 |
| Record Dates | |
| – For AGM | 7 August 2013 |
| – For Final Dividend | 16 August 2013 |
| Annual General Meeting | 8 August 2013 |
| Payment of Final Dividend | 6 September 2013 (HK\$0.072 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 this Annual Report. Upon written request, a free printed version of Corporate Communication will be sent to shareholders who have elected to receive electronic copies but for any reason have difficulty in receiving or gaining access to any Corporate Communication through the Company's website. Shareholders may have the right to change their choice of receipt of our future Corporation Communications at any time by reasonable notice in writing to the Company or the Company's Hong Kong Branch Share Registrar, Tricor Secretaries Limited, by post or by email at is-enquiries@hk.tricorglobal.com.

Financial Highlights



For the year ended 31 March

| | 2013 HK\$'000 | 2012 HK\$'000 | Changes |
|-----------------------------------------------------------|------------------|------------------|-----------|
| Revenue | 2,028,293 | 1,783,074 | +13.8% |
| Gross profit | 1,533,840 | 1,375,147 | +11.5% |
| EBITDA (before non-controlling interests) | 943,539 | 803,516 | +17.4% |
| EBITDA margin (before non-controlling interests) | 46.5% | 45.1% | +1.4% pts |
| Profit for the year attributable to owners of the Company | 548,625 | 465,469 | +17.9% |
| Earnings per share Basic and diluted | HK\$0.42 | HK\$0.36 | +16.7% |
| Total dividends per share | HK\$0.125 | HK\$0.103 | +21.4% |

Management Discussion and Analysis

Effective from 3 June 2013, **Emperor Entertainment Hotel Limited**

has become one of the constituent stocks of Morgan Stanley Capital International (MSCI) Hong Kong Small Cap Index, reflecting well recognition of the Group's proven track record by the investment community.





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

MARKET REVIEW

For the year ended 31 March 2013 (the "Year"), global political uncertainty, worries on China's recovery momentum and unresolved Eurozone debt issues casted doubts over the global economic outlook. Against this backdrop, Macau gaming revenue still recorded a moderate growth of 11.0% to MOP316,238 million, revealed by the Macau's Gaming Inspection and Coordination Bureau. The growth rate was relatively mild, largely due to the high base level in the prior year. During the Year, visitors from the mainland had been increasingly dominant in Macau's tourist profile. According to the Statistics and Census Service of the Macau Government, visitors from the mainland grew by 2.7% to 17.1 million, representing 60.6% of total visitor arrivals.

FINANCIAL REVIEW

Overall Review

Riding on the Group's continued efforts to expand the premium mass segment, the Group had once again delivered satisfactory performance during the Year. The Group posted a 13.8% growth in revenue to HK\$2,028.3 million (2012: HK\$1,783.1 million). The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") and before non-controlling interests amounted to HK\$943.5 million (2012: HK\$803.5 million), representing a growth of 17.4%. The EBITDA margin before non-controlling interests was 46.5% (2012: 45.1%). Profit for the Year attributable to the owners of the Company increased by 17.9% to HK\$548.6 million (2012: HK\$465.5 million). Basic earnings per share was HK\$0.42 (2012: HK\$0.36). The board of directors of the Company (the "Board" or the "Directors") is pleased to declare a final dividend of HK\$0.072 (2012: HK\$0.06) per share. Together with the interim dividend of HK\$0.053 (2012: HK\$0.043) per share, the total dividend per share for the Year was HK\$0.125 (2012: HK\$0.103).

Liquidity and Financial Resources

During the Year, there was no change in the capital structure of the Group. The Group continued to maintain a strong cash position. The Group mainly funded its operations and capital expenditure through its internally generated cash flow from operations. As at 31 March 2013, advances from non-controlling interests of a subsidiary of the Company were HK\$226.0 million (2012: HK\$230.2 million), which was denominated in Hong Kong dollars, unsecured, interest-free and repayable at discretion of non-controlling interests and availability of surplus fund of the subsidiary. The Group had no bank borrowings with low gearing ratio, optimising its financial position and minimising its exposure to interest rate risk.

The Group's current assets and current liabilities as at 31 March 2013 were HK\$2,376.4 million and HK\$690.2 million (2012: HK\$1,736.3 million and HK\$594.6 million) respectively. The gearing ratio of the Group (expressed as a percentage of total borrowings over total equity) as at 31 March 2013 was further decreased to 6.2% (2012: 7.8%).

RE

Save as disclosed above and trade and other payables and accrued charges, the Group had no other external borrowings. During the Year, the Group was able to maintain its strong and healthy financial position as supported by strong cash inflow. Aggregate of bank balances and cash on hand and short-term bank deposits of the Group as at 31 March 2013 amounted to HK\$2,028.5 million (2012: HK\$1,400.6 million), which were mainly denominated in Hong Kong dollars and Macau Pataca. With the borrowings, bank balances and cash on hand and short-term bank deposits denominated in Hong Kong dollars and Macau Pataca, the Group did not experience any significant exposure to foreign exchange rate fluctuation during the Year.

Pledge of Assets

As at 31 March 2013, assets with carrying values of approximately HK\$1.5 billion (2012: HK\$1.5 billion) were pledged to a bank as security for unutilised banking facilities available to the Group. In addition, the Group pledged a bank deposit of HK\$0.3 million (2012: HK\$0.3 million) to a bank as security for use of ferry ticket equipment granted by a third party to the Group.

BUSINESS REVIEW

The Group's flagship project, Grand Emperor Hotel in Macau (the "Hotel"), has over 130,000 square feet of gaming space spreading over six floors offering slot machines as well as gaming tables in gaming concourse and VIP room. Strategically focusing on higher-margin premium mass segment, the Group had continued to further enhance its business mix by allocating more spaces in premium mass within gaming concourse segment. Capitalising the middle-class travelers with strong spending power, the Group achieved record high average win per table per day in gaming concourse.

Gaming Revenue

The Group's casino is operated under the gaming licence held by Sociedade de Jogos de Macau, S.A. In the Year, gaming revenue increased by 14.0% to HK\$1,855.3 million (2012: HK\$1,627.3 million), accounting for 91.5% of the Group's total revenue.



CREATIONAL facilities



Gaming Concourse

Despite the softened upward trend of gaming revenue and visitation to Macau, the premium mass market remained strong during the Year and the gross win in gaming concourse achieved 17.4% growth to HK\$2,489.7 million (2012: HK\$2,120.5 million). Segmental revenue increased by 17.2% to HK\$1,381.3 million (2012: HK\$1,178.3 million), accounting for 68.1% of the Group's total revenue. The number of tables in the gaming concourse was 67 tables (2012: 67 tables). Average win reached a record high with a six-digit figure of approximately HK\$104,000 (2012: HK\$93,000) per table per day.

VIP Room

The Group self-managed a VIP room with a total of 10 tables (2012: 10 tables) with the rolling amount of HK\$21.4 billion (2012: HK\$24.1 billion). Segmental revenue was HK\$428.0 million (2012: HK\$397.1 million), accounting for 21.1% of the Group's total revenue. Average win was approximately HK\$195,000 (2012: HK\$139,000) per table per day.

Slot Machines

The segment recorded a gross win of HK\$103.5 million (2012: HK\$116.6 million) with the capacity of 282 slot seats (2012: 293 slot seats). Segmental revenue was HK\$46.0 million (2012: HK\$51.9 million), accounting for 2.3% the Group's total revenue. Average win was approximately HK\$1,010 (2012: HK\$1,050) per seat per day.

Management Discussion and Analysis

Hotel Revenue

During the Year, this segment recorded a revenue of HK\$173.0 million (2012: HK\$155.8 million), accounting for 8.5% of the Group's total revenue. The Hotel has a capacity of 307 guest rooms. During the Year, the Hotel reported an average daily rate of HK\$1,206 (2012: HK\$1,087) and a high occupancy rate of 89% (2012: 89%). Room and other revenue amounted to HK\$45.2 million (2012: HK\$49.1 million). Revenue from food and beverage was HK\$97.4 million (2012: HK\$80.2 million), while rental revenue from sauna, night club and retail space was HK\$30.4 million (2012: HK\$26.5 million).

OUTLOOK

After years of infrastructure development between the mainland and Macau, the connectivity between major cities in China and Macau continues to improve due to shorter travel time and lower travel cost. This further solidifies Macau's attractiveness as a favourable tourist destination for mainland visitors. While China's outbound tourism is still at the exploratory stage, the Group expects it will continue to grow steadily as supported by RMB appreciation and the increase of disposable income of the mainlanders. These factors will be keys to facilitate the Macau gaming industry in the future.

Leveraging on the Hotel's prime location and synergies with companies within Emperor Group, the Group is confident to capture the market potential in Macau, the biggest gambling hub in the world. The Group will strive to take full advantage of its flexibility in customer segmentation to optimise its business mix according to the market conditions and thereby driving a steady business growth in the future.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2013, the Group's number of employee was 1,157 (2012: 1,094). Total staff costs including directors' remuneration and the other staff costs for the Year were HK\$389.9 million (2012: HK\$316.8 million). Employees' remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contribution to retirement benefit scheme, medical insurance and other fringe benefits.

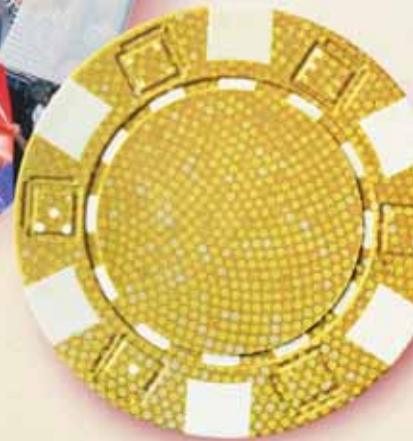
To provide incentives or rewards to the staff, the Company adopted a share option scheme on 2 September 2002 (the "Scheme"). The Scheme has lapsed automatically on 1 September 2012 upon expiry of the 10-year period. During the Year, the Company did not grant any option under the Scheme and the outstanding share options as at the end of the Year was 10,000,000 share options which were granted to certain directors of the Company in August 2005 and can be exercised before 10 August 2015.

LEISURABLE moments

SOCIAL RESPONSIBILITIES

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

The Group has remained as a "Green Hotel", a title it has earned from the Macau SAR Government with years of dedication to care for the environment.



Biographies of Directors and Senior Executives

Non-executive Director (Chairperson)

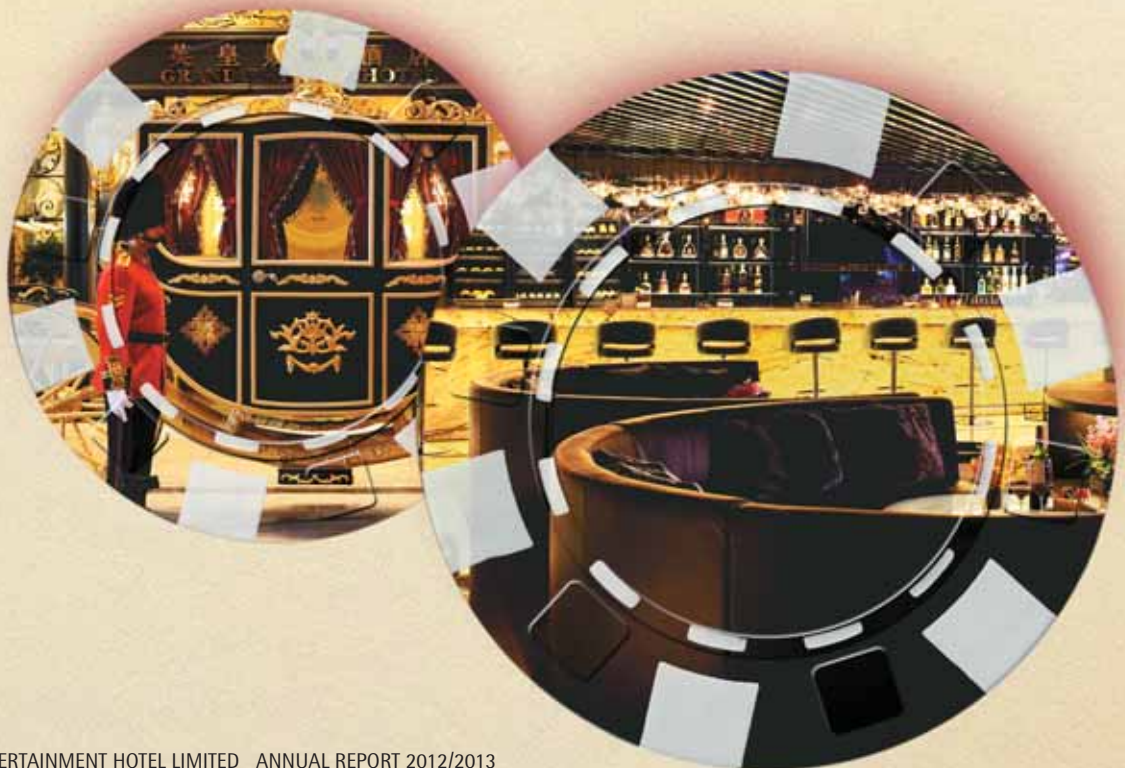
LUK SIU MAN, SEMON, aged 57, joined the Company in March 2000 and acts as the Chairperson of the Company. She graduated from The University of Toronto with a Bachelor's Degree in Commerce. Ms. Luk is also the non-executive director and chairperson of Emperor International Holdings Limited ("Emperor International") (Stock Code: 163), being the holding company of the Company. She worked in the banking industry for almost 10 years.

Executive Director

WONG CHI FAI, aged 57, joined the Company in 1991. He is also a director of certain subsidiaries of the Company and a member of the Remuneration Committee of the Company. Mr. Wong has been responsible for the Group's strategic planning, business growth and development as well as overseeing the financial management of the Group. He is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of three listed companies in Hong Kong, namely Emperor International, Emperor Watch & Jewellery Limited ("Emperor W&J") (Stock Code: 887) and New Media Group Holdings Limited ("New Media Group") (Stock Code: 708), all being associated companies of the Company. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to hotel and hospitality, property investment and development, retailing of watch and jewellery, entertainment as well as media and publication.

Executive Director

FAN MAN SEUNG, VANESSA, aged 50, joined the Company in 1991. She is also a director of certain subsidiaries of the Company as well as the Chairperson of the Corporate Governance Committee and a member of the Nomination Committee of the Company. Ms. Fan has been responsible for the Group's strategic planning, business growth and development as well as overseeing different functions within the Group. She is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. Ms. Fan is also a director of three listed companies in Hong Kong, namely Emperor International, Emperor W&J and New Media Group, all being associated companies of the Company. Besides having over 23 years of corporate management experience, she possesses diversified experience in different businesses ranging from hotel and hospitality, property investment and development, financial and securities operations, retailing of watch and jewellery, entertainment as well as media and publication.



Independent Non-executive Director

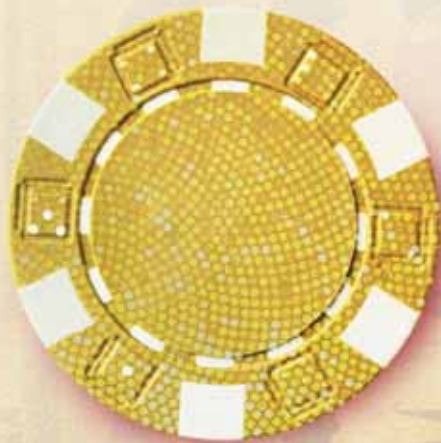
CHAN SIM LING, IRENE, aged 50, was appointed as Independent Non-executive Director of the Company in May 1998. She is the Chairperson of the Audit Committee and a member of the Remuneration Committee and Corporate Governance Committee of the Company. Ms. Chan graduated from The University of Hong Kong with a Bachelor's Degree in Laws. She is also an independent non-executive director of another Hong Kong listed company, Chinlink International Holdings Limited (Stock code: 997).

Independent Non-executive Director

CHAN WILING, YVONNE, aged 48, was appointed as Independent Non-executive Director of the Company in September 2004. She is the Chairperson of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee of the Company. Ms. Chan is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She graduated from the Hong Kong Polytechnic University majoring in accountancy and obtained a Master's Degree in Business Administration from Heriot-Watt University in Scotland. She previously worked in two international accounting firm, Touche Ross & Co. and Ernst & Young and engaged in accounting, auditing and information security fields for 20 years.

Independent Non-executive Director

WAN CHOI HA, aged 45, was appointed as Independent Non-executive Director of the Company in February 2006. She is the Chairperson of the Nomination Committee as well as a member of the Audit Committee and Corporate Governance Committee of the Company. Ms. Wan graduated from The University of Hong Kong with a Bachelor's Degree in Laws. She has been admitted as a solicitor in Hong Kong since 1993 and is now a practicing solicitor in Hong Kong. She is a Partner of Wan and Leung, Solicitors.



Directors' Report

The Board is pleased to present their annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the Year are set out in the consolidated statement of comprehensive income on page 31. The dividends paid during the Year and proposed to be paid for the Year are set out in note 13 to the consolidated financial statements.

An interim dividend of HK\$0.053 per share for the Year (2011/2012: HK\$0.043 per share), amounting to HK\$68,505,000 (2011/2012: HK\$55,579,000), was paid to the shareholders of the Company ("Shareholders") during the Year.

The Directors recommended the payment of a final dividend of HK\$0.072 per share (2012: HK\$0.06 per share) for the Year amounting to approximately HK\$93,063,000 (2012: HK\$77,553,000) to those shareholders whose names appear on the register of members on 16 August 2013 (Friday), subject to the approval of the Shareholders at the forthcoming annual general meeting to be held on 8 August 2013 (Thursday) ("AGM").

INVESTMENT PROPERTIES

As at 31 March 2013, the Group revalued all of its investment properties on a market basis at HK\$450,000,000. The increase in fair value of HK\$59,000,000 has been credited to the consolidated statement of comprehensive income.

Details of changes in the investment properties of the Group are set out in note 15 to the consolidated financial statements.

A summary of investment properties of the Group as at 31 March 2013 is set out on page 76.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of HK\$197,317,000.

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

SHARE CAPITAL

Details of movements in the share capital of the Company during the Year are set out in note 26 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the Year are set out on page 34.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 March 2013 represent the accumulated profits amounting to HK\$95,822,000 (2012: HK\$164,314,000).

Directors' Report

DIRECTORS

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

Non-executive Director:

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

Executive Directors:

Mr. Wong Chi Fai

Ms. Fan Man Seung, Vanessa

Independent Non-executive Directors:

Ms. Chan Sim Ling, Irene

Ms. Chan Wiling, Yvonne

Ms. Wan Choi Ha

Subject to the respective service contracts/letters of appointment hereinafter mentioned, the term of office of each Director, including the Independent Non-executive Directors ("INED(s)"), is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with Bye-law 87(1) and 87(2) of the Company's Bye-laws, Ms. Chan Wiling, Yvonne ("Ms. Yvonne Chan") and Ms. Chan Sim Ling, Irene ("Ms. Irene Chan") shall retire by rotation at the AGM. Ms. Chan Wiling, Yvonne, being eligible, offer herself for re-election while Ms. Irene Chan who has served the Company as INED for more than 14 years, will retire but does not offer herself for re-election thereat.

DIRECTORS' SERVICE CONTRACTS

Each of Ms. Luk Siu Man, Semon ("Ms. Semon Luk"), Ms. Irene Chan, Ms. Yvonne Chan and Ms. Wan Choi Ha has entered into a letter of appointment with the Company in relation to her service as Non-executive Director/INED for an initial term of one year up to 31 December 2008 and is renewable automatically for successive terms of one year each commencing from the date next after the expiry of the then current term, unless 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' Report

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

As at 31 March 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(A) Long position interests in the Company

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

| Name of Director | Capacity/ Nature of interests | Number of issued Shares held | Approximate % holding |
|------------------|----------------------------------|---------------------------------|--------------------------|
| Ms. Semon Luk | Interest of spouse | 808,907,845 (Note 1) | 62.58% |

(ii) Share options

| Name of Director | Capacity/ Nature of interests | Number of underlying Shares held | Approximate % holding |
|----------------------------|----------------------------------|-------------------------------------|--------------------------|
| Mr. Wong Chi Fai | Beneficial owner | 5,000,000 (Note 2) | 0.39% |
| Ms. Fan Man Seung, Vanessa | Beneficial owner | 5,000,000 (Note 2) | 0.39% |

Notes:

1. The above Shares were held by Emperor Entertainment Hotel Holdings Limited ("Emperor E Hotel Holdings"), an indirect wholly-owned subsidiary of Emperor International. Emperor International is a company with its shares listed in Hong Kong and as at 31 March 2013, approximately 74.93% of its issued share capital was held by Emperor International Group Holdings Limited ("Emperor International Group Holdings"). The entire issued share capital of Emperor International Group Holdings is wholly-owned by Albert Yeung Holdings Limited ("AY Holdings") which is held by STC International Limited ("STC International"), being the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung") who is deemed to have interests in the said Shares. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk also had deemed interests in the same Shares.
2. These share options were granted to the Directors under the share option scheme of the Company.

Directors' Report

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

(B) Long position interests in associated corporation

(i) Ordinary shares

| Name of Director | Name of associated corporation | Capacity/ Nature of interests | Number of issued ordinary shares held | Approximate % holding |
|------------------|------------------------------------------------------------|----------------------------------|---------------------------------------------|--------------------------|
| Ms. Semon Luk | Emperor International | Interest of spouse | 2,747,610,489 <i>(Note 1)</i> | 74.93% |
| | Emperor W&J | Interest of spouse | 3,617,860,000 <i>(Note 2)</i> | 52.57% |
| | Emperor Capital Group Limited ("Emperor Capital Group") | Interest of spouse | 1,694,406,907 <i>(Note 3)</i> | 65.23% |
| | New Media Group | Interest of spouse | 503,000,000 <i>(Note 4)</i> | 58.22% |

(ii) Share options

| Name of Director | Name of associated corporation | Capacity/ Nature of interests | Number of underlying shares held | Approximate % holding |
|-------------------------------|--------------------------------|----------------------------------|----------------------------------------|--------------------------|
| Mr. Wong Chi Fai | Emperor International | Beneficial owner | 10,769,475 <i>(Note 5)</i> | 0.29% |
| Ms. Fan Man Seung, Vanessa | Emperor International | Beneficial owner | 10,769,475 <i>(Note 5)</i> | 0.29% |

Directors' Report

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

(B) Long position interests in associated corporation *(continued)*

Notes:

1. Emperor International is a company with its shares listed in Hong Kong. These shares of Emperor International were held by Emperor International Group Holdings. Emperor International Group Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust had deemed interests in the above shares of Emperor International. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.
2. Emperor W&J is a company with its shares listed in Hong Kong. These shares of Emperor W&J were held by Emperor Watch & Jewellery Group Holdings Limited ("Emperor W&J Holdings"). Emperor W&J Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of Emperor W&J. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.
3. Emperor Capital Group is a company with its shares listed in Hong Kong. These shares of Emperor Capital Group were held by Emperor Capital Group Holdings Limited ("Emperor Capital Holdings"). Emperor Capital Holdings is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of Emperor Capital Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.
4. New Media Group is a company with its shares listed in Hong Kong. These shares of New Media Group were held by New Media Group Investment Limited ("New Media Investment"). New Media Investment is wholly-owned by AY Holdings which is in turn held by STC International, being the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, had deemed interests in the above shares of New Media Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a Director of the Company, also had deemed interests in the same shares.
5. These were share options granted to Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa, also being the directors of Emperor International, under the share option scheme of Emperor International.

Save as disclosed above, as at 31 March 2013, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTIONS

The Company adopted the Scheme on 2 September 2002. Such Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. Particulars of the Scheme are set out in note 27 to the consolidated financial statements.

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

| Name of grantee | Date of grant | Exercisable period | Exercise price HK\$ | Number of options outstanding as at 1 April 2012 and 31 March 2013 |
|------------------------------|----------------|----------------------------------|------------------------|-----------------------------------------------------------------------------|
| Director Mr. Wong Chi Fai | 11 August 2005 | 11 August 2005 to 10 August 2015 | 2.2 | 5,000,000 |
| Ms. Fan Man Seung, Vanessa | 11 August 2005 | 11 August 2005 to 10 August 2015 | 2.2 | 5,000,000 |

During the Year, no options were granted, lapsed, exercised or cancelled under the Scheme.

Directors' Report

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31 March 2013, 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, or were deemed or taken to have an interest and short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long positions in the Shares

| Name of shareholder | Capacity/Nature of interests | Number of issued Shares held | Approximate % holding |
|--------------------------------------|--------------------------------------|------------------------------|-----------------------|
| Emperor International | Interest in a controlled corporation | 808,907,845 | 62.58% |
| Emperor International Group Holdings | Interest in a controlled corporation | 808,907,845 | 62.58% |
| AY Holdings | Interest in a controlled corporation | 808,907,845 | 62.58% |
| STC International | Trustee | 808,907,845 | 62.58% |
| Dr. Albert Yeung | Founder of AY Trust | 808,907,845 | 62.58% |

Note: These Shares were held by Emperor E Hotel Holding which was indirectly wholly-owned by Emperor International. Emperor International is a company with its shares listed in Hong Kong and was held by Emperor International Group Holdings as to 74.93% as at 31 March 2013. The entire issued share capital of Emperor International Group Holdings is wholly-owned by AY Holdings which is in turn held by STC International, the trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to have interest in the above Shares. These Shares were the same shares as those set out under Section (A)(i) of "Directors' and Chief Executives' Interests and Short Positions in Securities" above.

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

Save as disclosed above, as at 31 March 2013, the Directors or chief executive of the Company were not aware of any person or corporation (other than the Directors and chief executive of the Company) who had, or were deemed or taken to have, any interests or short positions in any Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 March 2013, none of the Directors nor their respective associates was interested in any business which was considered to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

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

(i) Provision of services in relation to Grand Emperor Hotel

On 19 February 2010, Tin Hou Limited ("Tin Hou"), an indirect wholly-owned subsidiary of the Company, entered into an agreement ("Agreement") with Sociedade de Jogos de Macau, S.A., ("SJM"), a company incorporated under the laws of Macau, for the provision of services or obligations comprising the management services and promotion services to SJM by Tin Hou from 1 October 2009 until the termination: (i) by either party or on the expiration of SJM's gambling license under the Gaming Concession Contract on 31 March 2020 or (ii) any earlier termination thereof; or (iii) winding up or cessation of business of either party. In consideration for the provision of services, Tin Hou together with the nominated junket promoter which is a fellow subsidiary of Tin Hou and wholly-owned by the Company shall be entitled to a share of the gross win and gross loss in respect of the monthly operating performance of the gaming area located at Grand Emperor Hotel and bear all necessary operational expenses in relation to the operation of the gaming area.

SJM is principally engaged in gaming business in Macau and is one of the six concessionaires/sub-concessionaires licensed to carry on casino operations in Macau. SJM has a 19.99% equity interest in Luck United Holdings Limited, a company indirectly owned as to 60% by the Company, and was therefore a connected person of the Company within the meaning of the Listing Rules by virtue of being a substantial shareholder of a subsidiary of the Company.

During the Year, the Group's net receipt under the Agreement was amounted to HK\$1,731,275,141.

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

| Name of counterparty | Date of agreement | Location | Term | Amount of rental received during the Year |
|--------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|-------------------------------------------|
| EWJ Watch and Jewellery Company Limited (renamed as EWJ Watch and Jewellery (Macau) Company Limited) ("EWJ Macau") | 28 June 2011 | Shop No. 5, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau | 1 July 2011 – 30 June 2014: Effective rental: HK\$147,333.33 per month | HK\$1,768,000 |
| EWJ Macau | 28 March 2012 | Shop Nos. 1 to 4, G/F., Grand Emperor Hotel, 251-292D Avenida Commercial De Macau, Macau | 1 April 2012 – 31 March 2015: Effective rental: HK\$344,000 per month | HK\$4,128,000 |

Note: EWJ Macau is an indirect wholly-owned subsidiary of Emperor W&J. As at 31 March 2013, Emperor W&J was indirectly owned as to approximately 52.57% by the AY Trust, a discretionary trust set up by Dr. Albert Yeung, a deemed substantial shareholder of the Company. Ms. Semon Luk, a Director of the Company, had deemed interests in the above transactions by virtue of being spouse of Dr. Albert Yeung.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS *(continued)*

Compliance with disclosure requirements

Save as the "Rental income from a related company" in the amount of HK\$5,896,000 for the Year as shown in note 32 – "Related party transactions" to the consolidated financial statements which constituted continuing connected transactions of the Company under the Chapter 14A of the Listing Rules, all other transactions as shown in note 32 are connected transactions exempted from announcement, reporting, annual review and independent shareholders' approval requirements under Rule 14A.31/14A.33 of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the above connected transactions.

Auditor's letter on disclosed continuing connected transactions

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Review of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group ("Disclosed CCTs") on page 18 of this annual report in accordance with Rule 14A.38 of the Listing Rule. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Confirmation of Independent Non-executive Directors

Pursuant to Rule 14A.37 of the Listing Rules, the Company's INEDs have reviewed the Disclosed CCTs and the letter from the auditor and have confirmed that these transactions have been entered into by the Group:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the terms of the respective agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the INEDs an annual confirmation of the independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of INEDs are independent.

EMOLUMENT POLICY

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

The emolument policy of the Group to reward its employees and Directors is based on their performance, qualifications, competence displayed, market comparables and the performance of the Group.

Remuneration package typically comprises salary, Directors' fee, housing allowances, contribution to pension schemes, discretionary bonus and other fringe benefits. Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in note 11 to the consolidated financial statements.

Directors' Report

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

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

PRE-EMPTIVE RIGHTS

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

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of revenue attributable to the Group's five largest customers represented approximately 93.1% of the Group's total revenue. The largest customer accounted for approximately 91.6% of the Group's total revenue and is the operator of gaming concourse, VIP room and slot machine hall who paid fee for the services rendered by the Group.

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

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

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 21 to 29.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Luk Siu Man, Semon
Chairperson

Hong Kong
17 June 2013

Corporate Governance Report

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

THE BOARD

Board Composition

As at 31 March 2013, the Board comprised six Directors, with one Non-executive Director who is also the Chairperson of the Company, two Executive Directors and three INEDs. The Board considers that this composition ensures a strong independent element with a balance of power and influence between individuals on the Board. The biographies of the Directors are set out on pages 10 to 11 of this annual report under the "Biographies of Directors and Senior Executives" section.

Chairperson and Chief Executives

Ms. Semon Luk, has been appointed as the Chairperson since 2000 and provides leadership for the Board. With the support of the company secretary of the Company ("Company Secretary"), she is responsible for ensuring that all Board members work effectively and discharge their responsibility by providing timely, reliable and sufficient information on issues to be discussed at each Board meeting. All Board members are properly briefed on the issues to be discussed and the meeting materials are dispatched to the Directors before the meetings. She holds meetings with the INEDs at least once a year.

Both Mr. Wong Chi Fai and Ms. Fan Man Seung, Vanessa are responsible for the Group's strategic planning, business growth and development.

Independent Non-executive Directors

The INEDs are all professionals with valuable experience and expertise in legal, accounting, auditing or information security in business areas who would contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them is appointed for an initial term of one year up to 31 December 2008 and continued thereafter on a yearly basis subject to early termination with written notice being served by either party.

The Company has received a confirmation of independence from each of the INEDs. The Board considers each of them to be independent by reference to the factors as set out in Rule 3.13 of the Listing Rules. The INEDs have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

Roles and Responsibilities of the Board

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

Delegation to the Management

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

Corporate Governance Report

THE BOARD *(continued)*

Delegation to the Management *(continued)*

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

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

Relationship between the Board Members

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

Induction, Support and Professional Development of Directors

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

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

Corporate Governance Report

THE BOARD *(continued)*

Induction, Support and Professional Development of Directors *(continued)*

| Name of Directors | Areas on training covered ^(Notes) |
|----------------------------|----------------------------------------------|
| Ms. Luk Siu Man, Semon | (a) & (b) |
| Mr. Wong Chi Fai | (a), (b) & (c) |
| Ms. Fan Man Seung, Vanessa | (a), (b) & (c) |
| Ms. Chan Sim Ling, Irene | (a) & (b) |
| Ms. Chan Wiling, Yvonne | (a), (b) & (c) |
| Ms. Wan Choi Ha | (a) & (b) |

Notes: (a) corporate governance

(b) regulatory

(c) finance

Directors' Insurance

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

Directors' Attendance and Time Commitment

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

| Name of Directors | Board | Meetings attended/held | | | AGM |
|--------------------------------------------|----------|------------------------|------------------------|----------------------|----------|
| | | Audit Committee | Remuneration Committee | Nomination Committee | |
| Non-executive Director | | | | | |
| Ms. Luk Siu Man, Semon | 4/4 | N/A | N/A | N/A | 1/1 |
| Executive Directors | | | | | |
| Mr. Wong Chi Fai <i>(Note 1)</i> | 4/4 | N/A | 1/1 | N/A | 1/1 |
| Ms. Fan Man Seung, Vanessa | 4/4 | N/A | N/A | 1/1 | 1/1 |
| Independent Non-executive Directors | | | | | |
| Ms. Chan Sim Ling, Irene <i>(Note 2)</i> | 4/4 | 3/3 | 1/1 | N/A | 1/1 |
| Ms. Chan Wiling, Yvonne <i>(Note 3)</i> | 4/4 | 3/3 | 1/1 | 1/1 | 1/1 |
| Ms. Wan Choi Ha <i>(Note 4)</i> | 4/4 | 3/3 | N/A | 1/1 | 1/1 |
| Total number of meetings held | 4 | 3 | 1 | 1 | 1 |

Notes:

- Mr. Wong Chi Fai was invited to sit-in the Audit Committee meeting(s) as non-member.
- Chairperson of Audit Committee
- Chairperson of Remuneration Committee
- Chairperson of Nomination Committee

Corporate Governance Report

THE BOARD *(continued)*

Directors' Attendance and Time Commitment *(continued)*

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

Board Meetings and Proceedings

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

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

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

Board Committee

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

The majority of the members of the Audit Committee, Remuneration Committee and Nomination Committee are INEDs. Clear written terms of reference of all the Board Committees are given to the respective members of these Committees. Details of the Board Committees are set out below:

1. *Audit Committee (set up on 15 September 2004)*

The Audit Committee consists of three INEDs, namely Ms. Chan Sim Ling, Irene (Chairperson of the Committee), Ms. Chan Wiling, Yvonne and Ms. Wan Choi Ha.

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

Corporate Governance Report

THE BOARD *(continued)*

Board Committee *(continued)*

1. *Audit Committee (set up on 15 September 2004) (continued)*

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

- i. reviewed with the management/finance-in-charge and/or the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual financial statements for the financial year ended 31 March 2012 and the interim financial statements for the six months ended 30 September 2012;
- ii. reviewed with senior management and finance-in-charge the effectiveness of the internal control system of the Group;
- iii. annual review of the non-exempt continuing connected transactions of the Group for the year ended 31 March 2012;
- iv. met with the external auditor and reviewed their work and findings relating to the audit for the year ended 31 March 2012 and the effectiveness of the audit process;
- v. approved the audit plan for the financial year ended 31 March 2013, reviewed the independence of the external auditor and approved the engagement of external auditor; and
- vi. recommended the Board on the re-appointment of external auditor.

2. *Remuneration Committee (set up on 11 July 2005)*

The Remuneration Committee consists of three members, namely Ms. Chan Wiling, Yvonne (Chairperson of the Committee) and Ms. Chan Sim Ling, Irene, both being INEDs, and Mr. Wong Chi Fai, being an Executive Director.

The specific written terms of reference of the Remuneration Committee, which was re-adopted by the Board on 28 March 2012 in light of the amendments to the Listing Rules, is available on the Company's website. Pursuant to the revised terms of reference, the primary duties of the Remuneration Committee are making recommendation to the Board on (a) Company's policy and structure for the remuneration of Directors and senior management; (b) the remuneration of non-executive directors; and (c) the specific remuneration packages for individual Executive Directors and senior management. Details of the remuneration of each of the Directors for the Year are set out in note 11 to the consolidated financial statements. The Remuneration Committee convened one meeting during the Year.

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

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

Corporate Governance Report

THE BOARD *(continued)*

Board Committee *(continued)*

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

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

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

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

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

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

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

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

Corporate Governance Report

SECURITIES TRANSACTION OF DIRECTORS

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

ACCOUNTABILITY AND AUDIT

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

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

INTERNAL CONTROLS

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

The management is primarily responsible for the design, implementation, and maintenance of the internal control system to safeguard the Shareholders' investment and assets of the Group. Budgets and forecasts on all capital and revenue items are prepared and reviewed by senior management. The management monitors the business activities closely and reviews monthly financial results of operations against budgets/forecast.

Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and audits are carried out to ensure that the preparation of financial statements is carried out in accordance with generally accepted accounting principles, the Group's accounting policies and applicable laws and regulations.

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

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

Corporate Governance Report

INTERNAL CONTROLS *(continued)*

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

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

The Board and the Audit Committee had conducted a review on the effectiveness of internal control system (including financial, operational, compliance controls, risk management functions) and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board considered that its internal control system is effective and adequate and the Company has complied with the code provisions on internal control of the Code in this respect in general.

COMMUNICATION WITH SHAREHOLDERS

The Company had established a shareholders' communication policy and the Board shall review it on a regular basis to ensure its effectiveness. The Company communicates with the Shareholders mainly in the following ways: (i) the holding of annual general meetings and special general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly with the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules; (iii) the availability of latest information of the Group in the Company's website at www.emp296.com; and (iv) the holding of press conferences from time to time.

There is regular dialogue with institutional Shareholders and general presentations are made when financial results are announced. The Shareholders and investors are welcome to visit the Company's website to raise enquiries through our Investor Relations Department whose contact details are available on the Company's website and page 2 of this annual report.

In order to protect the environment and save costs for the benefit of the Shareholders, the Company has introduced the electronic means for receiving corporate communication by the Shareholders in December 2010. The 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 the 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 the Shareholders for the 2012 annual general meeting was sent to the Shareholders at least 20 clear business days before the meeting and notices of all other general meetings were sent to the Shareholders at least 10 clear business days before the meetings.

The Chairperson of the annual general meeting and the chairperson/members of the Audit Committee and the Remuneration Committee and the external auditor were available at the last annual general meeting held on 8 August 2012 to answer questions from the Shareholders. The Chairperson of the meeting had explained the procedures for conducting a poll during the meeting.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

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

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

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

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

Enquiries from Shareholders

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

CONSTITUTIONAL DOCUMENTS

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

AUDITOR'S INDEPENDENCE AND REMUNERATION

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

| Service rendered | Fees paid/payable HK\$'000 |
|--------------------|-------------------------------|
| Audit services | 2,990 |
| Non-audit services | - |

Independent Auditor's Report



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

We have audited the consolidated financial statements of Emperor Entertainment Hotel Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 74, which comprise the consolidated statement of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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 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 31 March 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

| | NOTES | 2013 HK\$'000 | 2012 HK\$'000 |
|-------------------------------------------------------------------|-------|------------------|------------------|
| Revenue | 7 | 2,028,293 | 1,783,074 |
| Cost of sales | | (35,568) | (32,663) |
| Cost of hotel and gaming operations | | (458,885) | (375,264) |
| Gross profit | | 1,533,840 | 1,375,147 |
| Other income | | 26,211 | 16,172 |
| Gain on fair value change in investment properties | | 59,000 | 114,600 |
| Selling and marketing expenses | | (507,557) | (491,659) |
| Administrative expenses | | (203,547) | (178,599) |
| Finance costs | 9 | (11,385) | (12,691) |
| Profit before taxation | 10 | 896,562 | 822,970 |
| Taxation | 12 | (83,692) | (79,726) |
| Profit for the year | | 812,870 | 743,244 |
| Other comprehensive expense: | | | |
| Exchange differences arising on translation of foreign operations | | - | (3) |
| Total comprehensive income for the year | | 812,870 | 743,241 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 548,625 | 465,469 |
| Non-controlling interests | | 264,245 | 277,775 |
| | | 812,870 | 743,244 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 548,625 | 465,466 |
| Non-controlling interests | | 264,245 | 277,775 |
| | | 812,870 | 743,241 |
| Earnings per share | 14 | | |
| Basic and diluted | | HK\$0.42 | HK\$0.36 |

Consolidated Statement of Financial Position

At 31 March 2013

| | NOTES | 2013 HK\$'000 | 2012 HK\$'000 |
|----------------------------------------------------------------|-------|------------------|------------------|
| Non-current assets | | | |
| Investment properties | 15 | 450,000 | 391,000 |
| Property, plant and equipment | 16 | 1,255,905 | 1,167,907 |
| Prepaid lease payments | 17 | 226,141 | 232,587 |
| Deposits paid for acquisition of property, plant and equipment | | 2,026 | 14,848 |
| Goodwill | 18 | 110,960 | 110,960 |
| | | 2,045,032 | 1,917,302 |
| Current assets | | | |
| Inventories, at cost | | 13,450 | 12,345 |
| Trade and other receivables | 19 | 327,741 | 316,669 |
| Prepaid lease payments | 17 | 6,446 | 6,446 |
| Pledged bank deposit | 20 | 300 | 300 |
| Short-term bank deposits | 20 | 22,244 | 501,923 |
| Bank balances and cash | 20 | 2,006,252 | 898,666 |
| | | 2,376,433 | 1,736,349 |
| Current liabilities | | | |
| Trade and other payables | 21 | 180,214 | 158,397 |
| Amounts due to fellow subsidiaries | 22 | 3,769 | 3,649 |
| Amounts due to non-controlling interests of a subsidiary | 23 | 226,000 | 230,221 |
| Taxation payable | | 280,191 | 202,315 |
| | | 690,174 | 594,582 |
| Net current assets | | 1,686,259 | 1,141,767 |
| Total assets less current liabilities | | 3,731,291 | 3,059,069 |
| Non-current liability | | | |
| Deferred taxation | 25 | 108,067 | 102,263 |
| | | 3,623,224 | 2,956,806 |

Consolidated Statement of Financial Position *(continued)*

At 31 March 2013

| | NOTES | 2013 HK\$'000 | 2012 HK\$'000 |
|----------------------------------------------|-------|------------------|------------------|
| Capital and reserves | | | |
| Share capital | 26 | 129 | 129 |
| Reserves | 28 | 2,509,018 | 2,106,451 |
| Equity attributable to owners of the Company | | 2,509,147 | 2,106,580 |
| Non-controlling interests | 29 | 1,114,077 | 850,226 |
| | | 3,623,224 | 2,956,806 |

The consolidated financial statements on pages 31 to 74 were approved and authorised for issue by the Board of Directors on 17 June 2013 and are signed on its behalf by:

WONG CHI FAI
DIRECTOR

FAN MAN SEUNG, VANESSA
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

| | Attributable to owners of the Company | | | | | | | | | Non-controlling interests | Total equity |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|---------------|----------------------------|------------------------------|-----------------------|---------------|---------------------|---------------------|-----------|---------------------------|--------------|
| | Share capital | Share premium | Capital redemption reserve | Property revaluation reserve | Share options reserve | Legal reserve | Translation reserve | Accumulated profits | Total | | |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| At 1 April 2011 | 129 | 410,802 | 668 | 8,478 | 3,964 | 287 | 3 | 1,336,989 | 1,761,320 | 565,051 | 2,326,371 |
| Exchange difference arising on translation of foreign operations recognised directly in equity | - | - | - | - | - | - | (3) | - | (3) | - | (3) |
| Profit for the year | - | - | - | - | - | - | - | 465,469 | 465,469 | 277,775 | 743,244 |
| Total comprehensive (expense) income for the year | - | - | - | - | - | - | (3) | 465,469 | 465,466 | 277,775 | 743,241 |
| Deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary (note 23) | - | - | - | - | - | - | - | - | - | 7,400 | 7,400 |
| 2011 final dividend paid in cash | - | - | - | - | - | - | - | (64,627) | (64,627) | - | (64,627) |
| 2012 interim dividend paid in cash | - | - | - | - | - | - | - | (55,579) | (55,579) | - | (55,579) |
| At 31 March 2012 | 129 | 410,802 | 668 | 8,478 | 3,964 | 287 | - | 1,682,252 | 2,106,580 | 850,226 | 2,956,806 |
| Profit and total comprehensive income for the year | - | - | - | - | - | - | - | 548,625 | 548,625 | 264,245 | 812,870 |
| Adjustment of deemed capital contribution arising from changes in cash flow estimates on amounts due to non-controlling interests of a subsidiary (note 23) | - | - | - | - | - | - | - | - | - | (394) | (394) |
| 2012 final dividend paid in cash | - | - | - | - | - | - | - | (77,553) | (77,553) | - | (77,553) |
| 2013 interim dividend paid in cash | - | - | - | - | - | - | - | (68,505) | (68,505) | - | (68,505) |
| At 31 March 2013 | 129 | 410,802 | 668 | 8,478 | 3,964 | 287 | - | 2,084,819 | 2,509,147 | 1,114,077 | 3,623,224 |

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

| | 2013 HK\$'000 | 2012 HK\$'000 |
|--------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Cash flows from operating activities | | |
| Profit before taxation | 896,562 | 822,970 |
| Adjustments for: | | |
| Interest income | (20,741) | (11,963) |
| Reversal of allowance for doubtful debts, net | (11) | - |
| Imputed interest expense | 11,385 | 12,691 |
| Depreciation of property, plant and equipment | 108,887 | 87,972 |
| Release of prepaid lease payments | 6,446 | 6,446 |
| Gain on fair value change in investment properties | (59,000) | (114,600) |
| Loss on disposal of property, plant and equipment | 416 | - |
| Operating cash flows before movements in working capital | 943,944 | 803,516 |
| Increase in inventories | (1,105) | (5,031) |
| (Increase) decrease in trade and other receivables | (12,281) | 4,410 |
| Increase in trade and other payables | 19,605 | 10,581 |
| Increase in amounts due to fellow subsidiaries | 120 | 163 |
| Cash generated from operations | 950,283 | 813,639 |
| Income tax paid | (12) | - |
| Net cash generated from operating activities | 950,271 | 813,639 |
| Cash flows from investing activities | | |
| Withdrawal of short-term bank deposits | 691,019 | 323,563 |
| Interest received | 21,961 | 9,412 |
| Proceeds on disposal of property, plant and equipment | 16 | - |
| Placement of short-term bank deposits | (211,340) | (825,486) |
| Acquisition of property, plant and equipment | (180,257) | (111,568) |
| Deposits paid for acquisition of property, plant and equipment | (2,026) | (14,848) |
| Net cash generated from (used in) investing activities | 319,373 | (618,927) |
| Cash flows from financing activities | | |
| Dividends paid | (146,058) | (120,206) |
| Repayments to non-controlling interests of a subsidiary | (16,000) | (32,000) |
| Net cash used in financing activities | (162,058) | (152,206) |
| Net increase in cash and cash equivalents | 1,107,586 | 42,506 |
| Cash and cash equivalents at the beginning of the year | 898,666 | 856,163 |
| Effect of foreign exchange rate changes | - | (3) |
| Cash and cash equivalents at the end of the year | 2,006,252 | 898,666 |
| Analysis of balance of cash and cash equivalents at the end of the year, representing bank balances and cash | 2,006,252 | 898,666 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information and Key Dates" section of the annual report. The Company's immediate holding company is Emperor Entertainment Hotel Holdings Limited, a company incorporated in Hong Kong with limited liability. An intermediate holding company of the Company is Emperor International Holdings Limited ("Emperor International"), a company incorporated in Bermuda with limited liability, the shares of which are also listed on the Stock Exchange. The ultimate holding company of the Company is Albert Yeung Holdings Limited, a company incorporated in the British Virgin Islands with limited liability which is in turn held by STC International Limited, being the trustee of The Albert Yeung Discretionary Trust ("AY Trust"), the settlor and founder of which is Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung").

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

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 34.

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

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

| | |
|-----------------------|--------------------------------------------------------------------|
| Amendments to HKFRS 7 | Financial instruments: Disclosures – Transfers of financial assets |
|-----------------------|--------------------------------------------------------------------|

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

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

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

¹ Effective for annual periods beginning on or after 1 January 2013.

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

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 July 2012.

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

The amendments to HKAS 1 "Presentation of items of other comprehensive income" introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 also require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

HKFRS 13 "Fair value measurement"

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard is unlikely to affect the amounts reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

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

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

Key requirements of these standards that are relevant to the Group are described below.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

New and revised standards on consolidation, joint arrangements, associates and disclosures *(continued)*

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Goodwill

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

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

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

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

Investment properties

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

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 properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. 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 profit or loss in the period in which the item is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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.

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.

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

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible 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 or a cash-generating unit is estimated in order to determine the extent of the impairment loss, if any.

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

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

The Group as lessor

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

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight line basis except for those that are classified and accounted for as investment properties under the fair value model and those transferred from investment properties to property, plant and equipment which is accounted for as if it were a finance lease after the transfer and included in property, plant and equipment. When the lease payments cannot be allocated reliably between land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

Inventories represent food and beverage, consumable and other goods of hotel and are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets represent loans and receivables.

Effective interest method

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

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

Loans and receivables

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

Impairment of loans and receivables

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

Objective evidence of impairment could include:

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of loans and receivables (continued)

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity instruments

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

Equity instrument

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments (continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to fellow subsidiaries and amounts due to non-controlling interests of a subsidiary are subsequently measured at amortised cost, using the effective interest method.

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

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

Revenue arising from services provided to a gaming operator in Macau under service arrangements for gaming operations in mass market halls, VIP rooms and slot machine hall is recognised when the provision of gaming-related marketing and public relation services are rendered and the Group is entitled to receive its service income according to the relevant operating performance from the gaming operator.

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

Service income is recognised when the services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation *(continued)*

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

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

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

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

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

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose 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 for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currencies (i.e. the currencies 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 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 translation 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 operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of 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 options reserve).

When the share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to accumulated profits.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement applying accounting policies

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Macau with the carrying amount of HK\$450,000,000 as at 31 March 2013 (2012: HK\$391,000,000) are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors of the Company have determined that the presumption that the carrying amounts of such investment properties are recovered through sale is rebutted. As a result, the Group has recognised deferred tax liabilities of HK\$85,069,000 (2012: HK\$79,098,000) on changes in fair value of investment properties subject to Macau Complementary Income Tax, on the assumption that these investment properties will be recovered through use.

Key sources of estimation uncertainty

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

Fair value of investment properties

The fair value of investment properties of HK\$450,000,000 as at 31 March 2013 (2012: HK\$391,000,000) was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions, including comparable market transactions with adjustments to reflect different locations or conditions and comparable market rents and transactions and discount rates. Changes to the assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

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

Key sources of estimation uncertainty (continued)

Estimated provision for impairment of trade receivables

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

The carrying amount of trade receivables as at 31 March 2013 is HK\$226,471,000 (net of allowance for bad and doubtful debts of HK\$40,492,000) (2012: HK\$214,903,000 (net of allowance for bad and doubtful debts of HK\$62,769,000)) (see note 19 for details).

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

The Group's carrying amount of the interest-free portion of the amounts due to non-controlling interests of a subsidiary as at 31 March 2013 was HK\$226,000,000 (2012: HK\$230,221,000) (see note 23 for details). According to the shareholders' agreements, these amounts are repayable only when the indirect non-wholly owned subsidiary, Luck United Holdings Limited ("Luck United"), and its subsidiaries have surplus fund. Surplus fund represents available cash within these subsidiaries after payment of all operating expenses and payable including but not limited to bank loans and third party loans which are due for repayment together with the accrued interest. The carrying amount of the amounts due to non-controlling interests of a subsidiary and the deemed contribution by the non-controlling interests may be adjusted to reflect the revised estimated cash flows when the Group revises its estimates of the timing and amount of repayment to the non-controlling interests based on the cash flow forecasts and availability of surplus fund of Luck United and, consequently affect the amount of imputed interest to be recognised in profit or loss, if any, over the expected life of the amounts due to non-controlling interests of a subsidiary.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the amounts due to non-controlling interests of a subsidiary as disclosed in note 23, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, accumulated profits and other reserves.

The directors of the Company review the capital structure on a regular basis. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| | 2013 HK\$'000 | 2012 HK\$'000 |
|----------------------------------------------------------|------------------|------------------|
| Financial assets | | |
| Loans and receivables | | |
| Trade and other receivables | 318,108 | 308,797 |
| Pledged bank deposit | 300 | 300 |
| Short-term bank deposits | 22,244 | 501,923 |
| Bank balances and cash | 2,006,252 | 898,666 |
| | 2,346,904 | 1,709,686 |
| Financial liabilities | | |
| At amortised cost | | |
| Trade and other payables | 80,917 | 103,794 |
| Amounts due to fellow subsidiaries | 3,769 | 3,649 |
| Amounts due to non-controlling interests of a subsidiary | 226,000 | 230,221 |
| | 310,686 | 337,664 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

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

Market risk

Foreign currency risk

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate short-term bank deposits. The Group is also exposed to cash flow interest rate risk in relation primarily to its bank balances. The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rate for bank balances at the end of the reporting period and management's assessment of the reasonably possible change assuming that it took place at the beginning of each year and held constant throughout the respective year.

If interest rates for bank balances had been 10 basis points (2012: 10 basis points) higher and all other variables were held constant, the potential effect on profit for the year is as follows:

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------------------------|------------------|------------------|
| Increase in post-tax profit for the year | | |
| – Bank balances | 1,983 | 878 |

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2013 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to manage the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period based on the management knowledge of customers and their creditability and repayment record to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group has concentration of credit risk as 83.24% (2012: 65.22%) and 83.74% (2012: 65.27%) of the total trade receivables which was due from the Group's largest customer and the five largest customers respectively within the hotel operation and gaming operation business segments. The remaining trade receivables balances are spread over numbers of customers.

Liquidity risk

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

As at 31 March 2013, the Group has available unutilised banking facilities of HK\$100,000,000 (2012: HK\$100,000,000).

The following table details the Group's remaining contractual maturity for its financial liabilities that will result in cash outflow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes principal cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

6. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk (continued)

Liquidity and interest risk tables

| | Weighted average effective interest rate | Less than 1 month or repayable on demand HK\$'000 | 1-3 months HK\$'000 | 3 months to 1 year HK\$'000 | Over 1 year HK\$'000 | Total undiscounted cash flows HK\$'000 | Imputed interest portion HK\$'000 | Total carrying amounts HK\$'000 |
|----------------------------------------------------------|---------------------------------------------------|---------------------------------------------------------------|---------------------------|--------------------------------------|----------------------------|-------------------------------------------------|--------------------------------------------|------------------------------------------|
| 2013 | | | | | | | | |
| Trade and other payables | - | 80,917 | - | - | - | 80,917 | - | 80,917 |
| Amounts due to fellow subsidiaries | - | 3,769 | - | - | - | 3,769 | - | 3,769 |
| Amounts due to non-controlling interests of a subsidiary | - | 226,000 | - | - | - | 226,000 | - | 226,000 |
| | | 310,686 | - | - | - | 310,686 | - | 310,686 |
| 2012 | | | | | | | | |
| Trade and other payables | - | 103,794 | - | - | - | 103,794 | - | 103,794 |
| Amounts due to fellow subsidiaries | - | 3,649 | - | - | - | 3,649 | - | 3,649 |
| Amounts due to non-controlling interests of a subsidiary | 5.00% | - | - | 242,000 | - | 242,000 | (11,779) | 230,221 |
| | | 107,443 | - | 242,000 | - | 349,443 | (11,779) | 337,664 |

(c) Fair value

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

7. REVENUE

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-----------------------------------------------------------|------------------|------------------|
| Service income from gaming operation in mass market halls | 1,381,315 | 1,178,248 |
| Service income from gaming operation in VIP rooms | 428,006 | 397,137 |
| Service income from gaming operation in slot machine hall | 45,970 | 51,944 |
| Hotel room income | 40,308 | 44,668 |
| Food and beverage sales | 97,393 | 80,194 |
| Rental income from investment properties | 30,372 | 26,432 |
| Others | 4,929 | 4,451 |
| | 2,028,293 | 1,783,074 |

8. SEGMENT INFORMATION

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

For gaming operation, the Executive Directors regularly analyse gaming revenue in terms of service income from mass market halls, VIP room and slot machine hall. No operating results nor discrete financial information is presented to the Executive Directors in relation to the above analyses. The Executive Directors review the revenues and operating results of gaming operation as a whole. The Executive Directors have identified the operating and reportable segments under HKFRS 8 as gaming operation and hotel operation.

The segment information reported externally was analysed on the basis of their types of services supplied by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the CODM 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 services. The principal activities of the operating and reportable segments are as follows:

- Gaming operation – Mass market halls, VIP room and slot machine hall operations and provision of gaming-related marketing and public relation services in the casino of the Grand Emperor Hotel in Macau
- Hotel operation – Hotel operation in the Grand Emperor Hotel in Macau including property investment income from investment properties in the Grand Emperor Hotel

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

Inter-segment revenue is charged at prevailing market rate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

8. SEGMENT INFORMATION *(continued)*

Information regarding the above segments is reported below.

Segment revenues and results

For the year ended 31 March 2013

| | Gaming operation HK\$'000 | Hotel operation HK\$'000 | Total HK\$'000 | Elimination HK\$'000 | Consolidated HK\$'000 |
|--------------------------------------------------------------------------------------|---------------------------------|--------------------------------|-------------------|-------------------------|--------------------------|
| SEGMENT REVENUE | | | | | |
| External revenue | 1,855,291 | 173,002 | 2,028,293 | – | 2,028,293 |
| Inter-segment revenue | – | 2,821 | 2,821 | (2,821) | – |
| Total | 1,855,291 | 175,823 | 2,031,114 | (2,821) | 2,028,293 |
| Segment result based on the Adjusted EBITDA | 925,435 | 82,082 | 1,007,517 | | 1,007,517 |
| Bank interest income | | | | | 20,741 |
| Depreciation of property, plant and equipment | | | | | (108,887) |
| Release of prepaid lease payments | | | | | (6,446) |
| Gain on fair value change in investment properties | | | | | 59,000 |
| Imputed interest expense on amounts due to non-controlling interests of a subsidiary | | | | | (11,385) |
| Unallocated corporate expenses | | | | | (63,978) |
| Profit before taxation | | | | | 896,562 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

8. SEGMENT INFORMATION *(continued)*

For the year ended 31 March 2012

| | Gaming operation HK\$'000 | Hotel operation HK\$'000 | Total HK\$'000 | Elimination HK\$'000 | Consolidated HK\$'000 |
|--------------------------------------------------------------------------------------|---------------------------------|--------------------------------|-------------------|-------------------------|--------------------------|
| SEGMENT REVENUE | | | | | |
| External revenue | 1,627,329 | 155,745 | 1,783,074 | - | 1,783,074 |
| Inter-segment revenue | - | 4,534 | 4,534 | (4,534) | - |
| Total | 1,627,329 | 160,279 | 1,787,608 | (4,534) | 1,783,074 |
| Segment result based on the Adjusted EBITDA | 776,038 | 84,494 | 860,532 | | 860,532 |
| Bank interest income | | | | | 11,963 |
| Depreciation of property, plant and equipment | | | | | (87,972) |
| Release of prepaid lease payments | | | | | (6,446) |
| Gain on fair value change in investment properties | | | | | 114,600 |
| Imputed interest expense on amounts due to non-controlling interests of a subsidiary | | | | | (12,691) |
| Unallocated corporate expenses | | | | | (57,016) |
| Profit before taxation | | | | | 822,970 |

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

Other than the segment information disclosed in above, there was no other information reviewed by the CODM for the years ended 31 March 2013 and 31 March 2012.

Geographical information

The Group's revenue was derived principally in Macau.

The non-current assets are all located in Macau.

Information about major customers

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

9. FINANCE COSTS

The amount represents the imputed interest expense on amounts due to non-controlling interests of a subsidiary.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

10. PROFIT BEFORE TAXATION

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-----------------------------------------------------------------------------------------------|------------------|------------------|
| Profit before taxation has been arrived at after charging: | | |
| Auditor's remuneration | 2,990 | 2,946 |
| Commission expenses in gaming operations (included in selling and marketing expenses) | 457,079 | 452,804 |
| Cost of inventories recognised as an expense | 35,568 | 32,663 |
| Depreciation of property, plant and equipment | 108,887 | 87,972 |
| Loss on disposal of property, plant and equipment | 416 | - |
| Release of prepaid lease payments | 6,446 | 6,446 |
| Staff costs, including directors' remuneration and retirement benefit scheme contributions | 389,935 | 316,811 |
| and after crediting: | | |
| Bank interest income | 20,741 | 11,963 |
| Exchange gain | 2,847 | 3,440 |
| Reversal of allowance for doubtful debts, net | 11 | - |

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

(i) Directors' and Chief Executives' emoluments

| | Ms. Luk Siu Man, Semon HK\$'000 | Mr. Wong Chi Fai HK\$'000 | Ms. Fan Man Seung, Vanessa HK\$'000 | Ms. Mok Fung Lin, Ivy HK\$'000 | Ms. Chan Sim Ling, Irene HK\$'000 | Ms. Chan Wiling, Yvonne HK\$'000 | Ms. Wan Choi Ha HK\$'000 | Total HK\$'000 |
|----------------------------------------------------------|------------------------------------------|---------------------------------|----------------------------------------------|-----------------------------------------|--------------------------------------------|-------------------------------------------|--------------------------------|-------------------|
| | <i>(Note 1)</i> | | | | | | | |
| 2013 | | | | | | | | |
| Fees | - | 150 | 150 | - | 180 | 180 | 180 | 840 |
| Other emoluments | | | | | | | | |
| Salaries and other benefits | - | - | - | - | - | - | - | - |
| Performance related incentive payment <i>(Note 2)</i> | - | - | - | - | - | - | - | - |
| | - | 150 | 150 | - | 180 | 180 | 180 | 840 |
| 2012 | | | | | | | | |
| Fees | - | 100 | 100 | 25 | 150 | 150 | 150 | 675 |
| Other emoluments | | | | | | | | |
| Salaries and other benefits | - | - | - | - | - | - | - | - |
| Performance related incentive payment <i>(Note 2)</i> | - | - | - | - | - | - | - | - |
| | - | 100 | 100 | 25 | 150 | 150 | 150 | 675 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

11. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (*continued*)

(i) Directors' and Chief Executives' emoluments (*continued*)

Notes:

- (1) Ms. Mok Fung Lin, Ivy resigned as executive director of the Company on 1 July 2011.
- (2) The performance related incentive payment is determined with reference to the operating results and individual performance.

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

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

(ii) Employees' emoluments

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-----------------------------|------------------|------------------|
| Salaries and other benefits | 8,963 | 8,321 |
| Bonuses | 9,461 | 7,466 |
| | 18,424 | 15,787 |

| | Number of individuals | |
|--------------------------------------------------------------|-----------------------|------|
| | 2013 | 2012 |
| Emoluments of the employees were within the following bands: | | |
| HK\$1,500,001 - HK\$2,000,000 | 1 | 1 |
| HK\$2,500,001 - HK\$3,000,000 | 2 | 2 |
| HK\$3,500,001 - HK\$4,000,000 | - | 1 |
| HK\$4,000,001 - HK\$4,500,000 | 1 | - |
| HK\$5,000,001 - HK\$5,500,000 | - | 1 |
| HK\$6,000,001 - HK\$6,500,000 | 1 | - |

(iii) Retirement benefit scheme

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of the independent trustees. The Group and each employee make mandatory contributions of 5% of relevant payroll costs with monthly cap of HK\$1,250 with effect from 1 June 2012 (before 1 June 2012: HK\$1,000) to the scheme.

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

During the year, the retirement benefit scheme contributions was HK\$1,682,000 (2012: 1,436,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

12. TAXATION

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-------------------------------------------|------------------|------------------|
| Current tax: | | |
| Macau Complementary Income Tax | 100,563 | 80,002 |
| Underprovision in prior years: | | |
| Macau Complementary Income Tax | 12 | - |
| Reversal of tax provision in prior years: | | |
| Macau Complementary Income Tax | (22,687) | (18,130) |
| | 77,888 | 61,872 |
| Deferred tax (<i>note 25</i>): | | |
| Current year | 5,804 | 17,854 |
| | 83,692 | 79,726 |

The Macau Complementary Income Tax ("CT") is calculated at the applicable rate of 12% of the estimated assessable profits for both years.

Pursuant to the CT law, the CT assessment on the estimated assessable profit in a year of assessment will lapse in five consecutive years after that year of assessment. At the end of the reporting period, the directors of the Company reassessed the adequacy of the CT provision and determined to reverse part of the Group's relevant CT provision of HK\$22,687,000 for the 2007 year of assessment (2012: HK\$18,130,000 for the 2006 year of assessment) accordingly.

No provision for Hong Kong Profits Tax has been made as there were no estimated assessable profits for both years.

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|--------------------------------------------------------------|------------------|------------------|
| Profit before taxation | 896,562 | 822,970 |
| Tax charge at the Macau Complementary Income Tax rate of 12% | 107,587 | 98,756 |
| Tax effect of expenses not deductible for tax purpose | 6,418 | 6,633 |
| Tax effect of income not taxable for tax purpose | (8,350) | (8,156) |
| Tax effect of tax losses not recognised | 722 | 625 |
| Effect of reversal of tax provision in prior years | (22,687) | (18,130) |
| Underprovision in prior years | 12 | - |
| Others | (10) | (2) |
| Taxation for the year | 83,692 | 79,726 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

13. DIVIDENDS

| | 2013 HK\$'000 | 2012 HK\$'000 |
|--------------------------------------------------------------------------------------------------------|------------------|------------------|
| Dividends recognised as distribution during the year: | | |
| Final paid in respect of 2012: HK\$0.06 per share (2012: HK\$0.05 per share in respect of 2011) | 77,553 | 64,627 |
| Interim paid in respect of 2013: HK\$0.053 per share (2012: HK\$0.043 per share in respect of 2012) | 68,505 | 55,579 |
| | 146,058 | 120,206 |

The board of directors proposed the payment of a final dividend of HK\$0.072 per share (2012: HK\$0.06 per share) amounting to approximately HK\$93,063,000 in total for the year ended 31 March 2013 which is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Earnings | | |
| Earnings (profit for the year attributable to owners of the Company) for the purpose of basic and diluted earnings per share | 548,625 | 465,469 |
| | 2013 | 2012 |
| Number of shares | | |
| Number of ordinary shares in issue for the purpose of basic and diluted earnings per share | 1,292,545,983 | 1,292,545,983 |

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price of shares for both years ended 31 March 2013 and 31 March 2012.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

15. INVESTMENT PROPERTIES

| | Completed investment properties HK\$'000 |
|-------------------------|---------------------------------------------------|
| FAIR VALUE | |
| At 1 April 2011 | 276,400 |
| Increase in fair value | 114,600 |
| At 31 March 2012 | 391,000 |
| Increase in fair value | 59,000 |
| At 31 March 2013 | 450,000 |

The completed investment properties are situated in Macau and held under medium-term leases.

The fair values of the Group's investment properties as at 31 March 2013 and 31 March 2012 have been arrived at on the basis of a valuation carried out on that date by Memfus Wong Surveyors Limited ("Memfus"), an independent firm of professional valuer not connected with the Group, in accordance with valuation standards on properties issued by Hong Kong Institute of Surveyors. Memfus are members of the Institute of Valuers in Hong Kong.

As at 31 March 2013 and 31 March 2012, all investment properties are held for rental under operating leases. The investment properties are depreciable and are 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. The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

Notes to the Consolidated Financial Statements

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16. PROPERTY, PLANT AND EQUIPMENT

| | Hotel property HK\$'000 | Buildings HK\$'000 | Leasehold improvements HK\$'000 | Furniture, fixtures and equipment HK\$'000 | Plant and machinery HK\$'000 | Motor vehicles HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|-------------------------|-------------------------------|-----------------------|---------------------------------------|--------------------------------------------------------|------------------------------------|-------------------------------|--------------------|-------------------|
| COST | | | | | | | | |
| At 1 April 2011 | 946,362 | 76,472 | 121,171 | 259,578 | 143,272 | 8,295 | 10,547 | 1,565,697 |
| Additions | - | 6,782 | 43,355 | 18,264 | 21,978 | 906 | 91 | 91,376 |
| At 31 March 2012 | 946,362 | 83,254 | 164,526 | 277,842 | 165,250 | 9,201 | 10,638 | 1,657,073 |
| Additions | - | 7,513 | 75,219 | 57,282 | 54,697 | 955 | 1,651 | 197,317 |
| Disposals | - | - | (400) | (1,342) | - | - | - | (1,742) |
| At 31 March 2013 | 946,362 | 90,767 | 239,345 | 333,782 | 219,947 | 10,156 | 12,289 | 1,852,648 |
| DEPRECIATION | | | | | | | | |
| At 1 April 2011 | 88,216 | 6,066 | 33,088 | 191,907 | 67,942 | 3,885 | 10,090 | 401,194 |
| Provided for the year | 24,693 | 1,926 | 26,341 | 16,546 | 16,676 | 1,644 | 146 | 87,972 |
| At 31 March 2012 | 112,909 | 7,992 | 59,429 | 208,453 | 84,618 | 5,529 | 10,236 | 489,166 |
| Provided for the year | 24,693 | 2,222 | 37,015 | 21,022 | 22,147 | 1,535 | 253 | 108,887 |
| Eliminated on disposals | - | - | (400) | (910) | - | - | - | (1,310) |
| At 31 March 2013 | 137,602 | 10,214 | 96,044 | 228,565 | 106,765 | 7,064 | 10,489 | 596,743 |
| CARRYING AMOUNTS | | | | | | | | |
| At 31 March 2013 | 808,760 | 80,553 | 143,301 | 105,217 | 113,182 | 3,092 | 1,800 | 1,255,905 |
| At 31 March 2012 | 833,453 | 75,262 | 105,097 | 69,389 | 80,632 | 3,672 | 402 | 1,167,907 |

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

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

The hotel property is located in Macau under medium-term lease while buildings are located in Macau under long-term lease. As the lease payments of the buildings cannot be allocated reliably between the land and building elements, the entire lease is classified as a finance lease and included in the carrying amount of the buildings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

17. PREPAID LEASE PAYMENTS

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-------------------------------------------------|------------------|------------------|
| COST | | |
| At 1 April | 239,033 | 245,479 |
| Release for the year | (6,446) | (6,446) |
| At 31 March | 232,587 | 239,033 |
| The Group's prepaid lease payments comprise: | | |
| Leasehold land in Macau under medium-term lease | 232,587 | 239,033 |
| Analysed for reporting purposes as follows: | | |
| Non-current | 226,141 | 232,587 |
| Current | 6,446 | 6,446 |
| | 232,587 | 239,033 |

18. GOODWILL

As at 31 March 2013, the carrying amount of goodwill amounting to HK\$110,960,000 (2012: HK\$110,960,000) had been allocated to the cash-generating unit relating to the Group's gaming operation.

During the year, the Group performed an impairment review for goodwill of the Group's gaming operation based on cash flow forecasts derived from the most recent financial budgets for the next five years and after the fifth year, the projections are extrapolated using a constant growth rate of 3% (2012: 3%) per annum for subsequent years. The recoverable amount of the cash-generating unit of the gaming operation is determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to revenue and direct costs during the year. The forecast is discounted using a discount rate of 22% (2012: 19%). The discount rates were determined with reference to weighted average cost of capital of similar companies in the industry adjusted for specific risks associated with the Group's gaming operation. The growth rates do not exceed the long-term average industry growth forecasts. Changes in revenue and direct costs are based on past practices and the management's expectations of future changes in the market. As the recoverable amount of the cash-generating unit is larger than the carrying amount of the cash-generating unit, the Group considers no impairment loss is necessary.

Notes to the Consolidated Financial Statements

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19. TRADE AND OTHER RECEIVABLES

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------------------|------------------|------------------|
| Trade receivables | 266,963 | 277,672 |
| Less: Allowance for doubtful debts | (40,492) | (62,769) |
| | 226,471 | 214,903 |
| Chips on hand | 88,331 | 89,315 |
| Other receivables and prepayments | 12,939 | 12,451 |
| | 327,741 | 316,669 |

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|---------------|------------------|------------------|
| 0 – 30 days | 196,747 | 153,020 |
| 31 – 60 days | 4,894 | 15,640 |
| 61 – 90 days | – | – |
| 91 – 180 days | 5,120 | 3,600 |
| Over 180 days | 19,710 | 42,643 |
| | 226,471 | 214,903 |

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

The carrying amount of trade receivables do not have debtor which was past due at the end of the reporting period for which the Group has not provided for impairment loss. Included in the trade receivable balances are debtor balances of HK\$24,830,000 (2012: HK\$46,243,000) that would otherwise be past due or impaired have the terms not been renegotiated.

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$40,492,000 (2012: HK\$62,769,000), since the management considered the prolonged outstanding balances from individual customers were in doubt. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

19. TRADE AND OTHER RECEIVABLES (continued)

Movement in the allowance for doubtful debts

| | HK\$'000 |
|--------------------------------------|---------------|
| At 1 April 2011 and 31 March 2012 | 62,769 |
| Impairment losses recognised | 19,231 |
| Amounts written off as uncollectible | (22,266) |
| Amounts recovered during the year | (19,242) |
| At 31 March 2013 | 40,492 |

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

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

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

Short-term bank deposits with an original maturity over 3 months carry interest at fixed interest rates which range from 1.10% to 1.80% (2012: 0.75% to 3.18%) per annum.

Bank balances and cash comprise cash held by the Group and bank deposits with an original maturity of 3 months or less, and carry interests at prevailing market rates which range from 0.01% to 1.90% (2012: 0.01% to 2.30%) per annum.

21. TRADE AND OTHER PAYABLES

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------------------|------------------|------------------|
| Trade payables | 18,941 | 13,940 |
| Construction payables and accruals | 12,609 | 10,397 |
| Other payables and accruals | 133,664 | 119,060 |
| Short-term advance | 15,000 | 15,000 |
| | 180,214 | 158,397 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

21. TRADE AND OTHER PAYABLES (continued)

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|---------------|------------------|------------------|
| 0 – 30 days | 10,231 | 7,009 |
| 31 – 60 days | 7,473 | 6,606 |
| 61 – 90 days | 685 | 198 |
| 91 – 180 days | 485 | 92 |
| Over 180 days | 67 | 35 |
| | 18,941 | 13,940 |

22. AMOUNTS DUE TO FELLOW SUBSIDIARIES

The amounts are due to subsidiaries of Emperor International, an intermediate holding company of the Company. The amounts are unsecured, interest-free and repayable on demand.

23. AMOUNTS DUE TO NON-CONTROLLING INTERESTS OF A SUBSIDIARY

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

During the year, the Group partially repaid the principal of the interest-free non-controlling interests' loans of HK\$16,000,000 (2012: HK\$32,000,000). The principal amount outstanding as at 31 March 2013 was HK\$226,000,000 (2012: HK\$242,000,000).

As at 31 March 2013, the management of Luck United determined that Luck United has adequate available surplus fund for the repayment of all principal amounts outstanding to its shareholders. Therefore, the directors of the Company considered that the carrying amount of the amounts due to non-controlling interests of HK\$226,000,000 is repayable on demand at the discretion of non-controlling interests as at 31 March 2013.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

24. BANKING FACILITIES

As at 31 March 2013, the Group has available unutilised banking facilities of HK\$100,000,000 (2012: HK\$100,000,000).

The available unutilised banking facilities are provided with an interest at HIBOR + 2.25% (2012: HIBOR + 2.25%) and secured by certain assets of the Group. The carrying values of these assets at the end of the reporting period were as follows:

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------|------------------|------------------|
| Hotel property | 808,760 | 833,453 |
| Investment properties | 450,000 | 391,000 |
| Prepaid lease payments | 232,587 | 239,033 |
| | 1,491,347 | 1,463,486 |

25. DEFERRED TAXATION

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

| | Accelerated tax depreciation HK\$'000 (Note) | Revaluation of properties HK\$'000 | Tax losses HK\$'000 (Note) | Total HK\$'000 |
|--------------------------------------|----------------------------------------------------------|---------------------------------------------|-------------------------------------|-------------------|
| At 1 April 2011 | (23,234) | (65,346) | 4,171 | (84,409) |
| (Charged) credited to profit or loss | (4,342) | (13,752) | 240 | (17,854) |
| At 31 March 2012 | (27,576) | (79,098) | 4,411 | (102,263) |
| (Charged) credited to profit or loss | (4,617) | (5,971) | 4,784 | (5,804) |
| At 31 March 2013 | (32,193) | (85,069) | 9,195 | (108,067) |

Note: The Macau tax authority granted a concessionary deduction to Grand Emperor Entertainment & Hotel (Macau) Limited (formerly known as Pacific Strong Bases (Holding) Company Limited) ("Grand Emperor Entertainment"), an indirect non-wholly owned subsidiary of the Company incorporated in Macau, to claim deduction of depreciation allowance of its property, plant and equipment for tax purpose in an accelerated pattern over a period which is half of the expected useful lives of the property, plant and equipment. Deferred tax liability of HK\$32,193,000 (2012: HK\$27,576,000) has been recognised in respect of such accelerated tax depreciation while deferred tax asset of HK\$9,195,000 (2012: HK\$4,411,000) has been recognised in respect of the tax losses arisen from this subsidiary.

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities have been offset for the temporary differences arising from the same group entity.

As at 31 March 2013, the Group had unused tax losses of HK\$166,373,000 (2012: HK\$120,485,000) available for offset against future profits. Deferred tax asset had been recognised in respect of HK\$76,629,000 (2012: HK\$36,757,000) of such loss. No deferred tax asset has been recognised in respect of the remaining tax losses of HK\$89,744,000 (2012: HK\$83,728,000) due to unpredictability of future profit streams. The Group's unrecognised tax losses might be carried forward indefinitely.

Notes to the Consolidated Financial Statements

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26. SHARE CAPITAL

| | Number of shares | Share capital HK\$'000 |
|----------------------------------------------------------------|---------------------|------------------------------|
| THE COMPANY | | |
| Ordinary shares of HK\$0.0001 each | | |
| Authorised: | | |
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 2,000,000,000,000 | 200,000 |
| Issued and fully paid: | | |
| At 1 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013 | 1,292,545,983 | 129 |

27. SHARE OPTION SCHEME

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

Under the Scheme, the directors of the Company are authorised, at any time within ten years after the Adoption Date, to grant options to any participants to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing prices of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. The Scheme lapsed automatically on 1 September 2012 upon the expiry of the 10-year period. The options granted under the Scheme remain valid and exercisable in accordance with rules of the Scheme. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

27. SHARE OPTION SCHEME (continued)

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

| Date of grant | Exercisable period | Exercise price HK\$ | Number of options outstanding as at 1 April 2011, 31 March 2012 and 31 March 2013 |
|----------------|---------------------------------|------------------------|--------------------------------------------------------------------------------------------------|
| 11 August 2005 | 11 August 2005 - 10 August 2015 | 2.20 | 10,000,000 |

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

28. RESERVES

As stipulated by the relevant laws and regulations in the Macau Special Administrative Region, certain subsidiaries of the Company are required to set aside 25% of their profit for the year to a legal reserve until the legal reserve has reached 50% of their registered capital. No appropriation was made for the years ended 31 March 2013 and 31 March 2012 as the legal reserves of those subsidiaries has already reached 50% of their respective registered capital.

29. NON-CONTROLLING INTERESTS

Included in non-controlling interests as at 31 March 2013 was a deemed contribution by non-controlling interests of HK\$112,009,000 (2012: HK\$112,403,000) (see note 23 for details) on certain interest-free loans from the non-controlling interests of a subsidiary which were contributed in accordance with their shareholdings.

30. COMMITMENTS

| | 2013 HK\$'000 | 2012 HK\$'000 |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Authorised but not contracted for in respect of property, plant and equipment | 58,093 | 82,279 |
| Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of property, plant and equipment | 1,417 | 39,275 |
| | 59,510 | 121,554 |

Notes to the Consolidated Financial Statements

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31. OPERATING LEASE COMMITMENTS

The Group as lessee

| | 2013 HK\$'000 | 2012 HK\$'000 |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Operating lease rentals paid and payable for the year in respect of rented premises | 2,876 | 2,607 |

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|---------------------------------------|------------------|------------------|
| Within one year | 1,968 | 2,787 |
| In the second to third year inclusive | 891 | 2,405 |
| | 2,859 | 5,192 |

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

The Group as lessor

| | 2013 HK\$'000 | 2012 HK\$'000 |
|---------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Operating lease rentals received and receivable for the year in respect of completed investment properties | 30,372 | 26,432 |

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|----------------------------------------|------------------|------------------|
| Within one year | 21,722 | 16,770 |
| In the second to fourth year inclusive | 51,696 | 10,270 |
| | 73,418 | 27,040 |

Certain premises in the Group's completed investment properties have committed tenants for the tenancy ranging from 3 months to 4 years (2012: 1 to 3 years) and the rentals are pre-determined and fixed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

32. RELATED PARTY TRANSACTIONS

(a) During the year, the Group had the following significant transactions with related parties:

| | 2013 HK\$'000 | 2012 HK\$'000 |
|------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Advertising expenses to related companies | 442 | 513 |
| Commission to Dr. Albert Yeung in the capacity of a patron of the Group's VIP rooms | 490 | 229 |
| Hotel room income from related companies | 185 | 225 |
| Professional fee expense to a related company | 420 | 365 |
| Purchase of property, plant and equipment and merchandising goods from related companies and a fellow subsidiary | 1,293 | 194 |
| Reimbursement of administrative expenses paid by fellow subsidiaries | 9,361 | 8,786 |
| Rental income from a related company | 5,896 | 4,338 |
| Secretarial fee expense to a related company | 305 | 300 |

Note: The above related parties are either controlled by the AY Trust or certain directors of the Company.

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

33. FINANCIAL INFORMATION OF THE COMPANY

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

| | 2013 HK\$'000 | 2012 HK\$'000 |
|-----------------------------------|------------------|------------------|
| Total assets | | |
| Investment in subsidiaries | – | – |
| Other receivables | 223 | 225 |
| Amounts due from subsidiaries | 2,678 | 210,620 |
| Bank balances and cash | 510,681 | 371,163 |
| | 513,582 | 582,008 |
| Total liabilities | | |
| Other payables | 1,129 | 2,090 |
| Amount due to a fellow subsidiary | 1,068 | 41 |
| | 2,197 | 2,131 |
| Capital and reserves (Note) | | |
| Share capital | 129 | 129 |
| Reserves | 511,256 | 579,748 |
| | 511,385 | 579,877 |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

33. FINANCIAL INFORMATION OF THE COMPANY (continued)

Note:

| | Share capital HK\$'000 | Share premium HK\$'000 | Capital redemption reserve HK\$'000 | Share options reserve HK\$'000 | Accumulated profits HK\$'000 | Total HK\$'000 |
|----------------------------------------------------|---------------------------|---------------------------|----------------------------------------|-----------------------------------|---------------------------------|-------------------|
| At 1 April 2011 | 129 | 410,802 | 668 | 3,964 | 287,086 | 702,649 |
| Loss and total comprehensive expense for the year | - | - | - | - | (2,566) | (2,566) |
| 2011 final dividend paid in cash | - | - | - | - | (64,627) | (64,627) |
| 2012 interim dividend paid in cash | - | - | - | - | (55,579) | (55,579) |
| At 31 March 2012 | 129 | 410,802 | 668 | 3,964 | 164,314 | 579,877 |
| Profit and total comprehensive income for the year | - | - | - | - | 77,566 | 77,566 |
| 2012 final dividend paid in cash | - | - | - | - | (77,553) | (77,553) |
| 2013 interim dividend paid in cash | - | - | - | - | (68,505) | (68,505) |
| At 31 March 2013 | 129 | 410,802 | 668 | 3,964 | 95,822 | 511,385 |

34. PARTICULARS OF SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2013 and 31 March 2012, were as follows:

| Name of subsidiary | Place of incorporation/ operation | Nominal value of issued ordinary share/ registered capital | The Group's attributable equity interest | | | | Principal activities |
|--------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|---------------------------------------------|-----------|------------|-----------|-----------------------------------------|
| | | | Directly | | Indirectly | | |
| | | | 2013 % | 2012 % | 2013 % | 2012 % | |
| Affluent Travel Services Limited | Hong Kong | HK\$500,000 | - | - | 60 | 60 | Provision of travel agency services |
| Asian Glory Limited | Macau | MOP25,000 | - | - | 60 | 60 | Property holding |
| Emperor Entertainment Hotel Management Limited | Macau | MOP25,000 | - | - | 60 | 60 | Provision of project financing services |
| Emperor Entertainment Hotel Investment Limited (formerly known as Great Assets Holdings Limited) | British Virgin Islands/ Macau | US\$50 | - | - | 100 | 100 | Investment holding |
| Keen Million Limited | British Virgin Islands/ Macau | US\$1 | - | - | 60 | 60 | Mass market and slot machine operations |

Notes to the Consolidated Financial Statements

For the year ended 31 March 2013

34. PARTICULARS OF SUBSIDIARIES (continued)

| Name of subsidiary | Place of incorporation/ operation | Nominal value of issued ordinary share/ registered capital | The Group's attributable equity interest | | | | Principal activities |
|------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------------------------------------|---------------------------------------------|-----------|------------|-----------|-------------------------------------------------------------------------------------|
| | | | Directly | | Indirectly | | |
| | | | 2013 % | 2012 % | 2013 % | 2012 % | |
| Lavergem Investment Limited (formerly known as Emperor Entertainment Hotel Investment Limited) | British Virgin Islands/ Macau | US\$1 | - | 100 | 100 | - | Investment holding |
| Luck United | British Virgin Islands/ Macau | US\$10,000 | - | - | 60 | 60 | Investment holding |
| Grand Emperor Entertainment | Macau | MOP500,000 | - | - | 60 | 60 | Provision of hotel and catering services |
| Precision Faith Limited | Macau | MOP100,000 | - | - | 100 | 100 | VIP room operation and provision of gaming related marketing and promotion services |
| Quick Gain Investments Limited | British Virgin Islands/ Macau | US\$1 | 100 | - | - | - | Investment holding |
| Right Achieve Limited | British Virgin Islands/ Macau | US\$1 | - | - | 60 | 60 | Investment holding |
| Tin Hou Limited | Macau | MOP25,000 | - | - | 100 | 100 | Provision of agency services for gaming operation |

None of the subsidiaries of the Company issued any debt securities as at 31 March 2013 and 31 March 2012.

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

Financial Summary

For the year ended 31 March 2013

RESULTS

| | Year ended 31 March | | | | |
|-------------------------------------------------------------------------------------------------|---------------------|------------------|------------------|------------------|----------------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2010 HK\$'000 | 2009 HK\$'000 (Note) |
| Continuing operations | | | | | |
| Revenue | 2,028,293 | 1,783,074 | 1,312,104 | 990,204 | 791,456 |
| Profit before taxation | 896,562 | 822,970 | 450,138 | 304,076 | 5,709 |
| Taxation | (83,692) | (79,726) | (53,507) | (40,209) | (7,784) |
| Profit (loss) for the year from continuing operations | 812,870 | 743,244 | 396,631 | 263,867 | (2,075) |
| Discontinued operation | | | | | |
| Profit for the year from discontinued operation | – | – | 52,356 | 392,039 | n/a |
| Profit (loss) for the year | 812,870 | 743,244 | 448,987 | 655,906 | (2,075) |
| Profit for the year attributable to owners of the Company | | | | | |
| – from continuing operations | 548,625 | 465,469 | 279,150 | 195,239 | n/a |
| – from discontinued operation | – | – | 52,356 | 392,039 | n/a |
| Profit (loss) for the year from continuing operations attributable to non-controlling interests | 264,245 | 277,775 | 117,481 | 68,628 | (30,927) |
| | 812,870 | 743,244 | 448,987 | 655,906 | (2,075) |

ASSETS AND LIABILITIES

| | At 31 March | | | | |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 | 2011 HK\$'000 | 2010 HK\$'000 | 2009 HK\$'000 |
| Total assets | 4,421,465 | 3,653,651 | 2,980,212 | 3,800,664 | 3,195,763 |
| Total liabilities | (798,241) | (696,845) | (653,841) | (885,206) | (1,018,488) |
| | 3,623,224 | 2,956,806 | 2,326,371 | 2,915,458 | 2,177,275 |
| Total equity attributable to: | | | | | |
| Owners of the Company | 2,509,147 | 2,106,580 | 1,761,320 | 2,472,120 | 1,716,846 |
| Non-controlling interests | 1,114,077 | 850,226 | 565,051 | 443,338 | 460,429 |
| | 3,623,224 | 2,956,806 | 2,326,371 | 2,915,458 | 2,177,275 |

Note: Included result of Expert Pearl Group whereby its operations was discontinued during the year ended 31 March 2011. The Directors considered that it is impractical for the Group to re-present the result of Expert Pearl Group for the year ended 31 March 2009.

Summary of Properties

At 31 March 2013

Particulars of the Group's investment properties as at 31 March 2013, were as follows:

COMPLETED INVESTMENT PROPERTIES

| | Location | Purpose | Floor area sq. ft. | The Group's interest % |
|----|---------------------------------------------------------|------------|-----------------------|---------------------------------|
| 1. | Shops of Ground Floor of the Grand Emperor Hotel, Macau | Commercial | 4,672 | 60 |
| 2. | 8th Floor of the Grand Emperor Hotel, Macau | Commercial | 22,266 | 60 |
| 3. | 10th Floor of the Grand Emperor Hotel, Macau | Commercial | 22,266 | 60 |